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Counter-Supremacy and the Crisis of Mexican Development

by

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To my parents, for their inspiration and support

Abstract

The purpose of this thesis is to contribute to our academic understanding of a general crisis in the hegemony of the leadership of the current world order. The prevailing operation of power in this world order is characterized by dominance and exclusion, bringing many social forces to press for change. To understand this crisis will require in-depth exploration through various case-studies, this thesis providing one such study of Mexico. Using a neo-Gramscian historical materialist lens, it will engage in diachronic inquiry into the factors that have contributed to the current socio-political crisis. It will find that many of these factors are linked to the current neoliberal model of development, which has been imposed upon the country by a supremacist bloc of social forces. We will engage in a theoretical exploration of how the crisis can be overcome, so that hegemony can return to the hands of the Mexican people.

Preface

In recent years, we have seen many changes in the electoral politics of Latin America. Since the victory of Hugo Chavez in Venezuela eight years ago, an increasing number of left-leaning governments have been elected to power. The countries included in this movement are Brazil, Argentina, Uruguay and, most recently, Bolivia. Further, in the 2006 elections in Mexico, the left-leaning candidate López Obrador came within a thread of winning the presidency. As well, it is possible that Sandinista leader Daniel Ortega will emerge victorious in the upcoming November 2006 presidential elections in Nicaragua. What explains this political shift to the left after many years of conservative governance? One answer largely lies in the declining social well being of the lower classes as a consequence of the spread of the economic paradigm of neoliberalism. These instances of economic crisis are part of a larger, global crisis of economic governance; a general crisis of the hegemony of the dominant power in the world, that of the transnational capitalist class and its affiliated social forces.

The focus of this paper will specifically be directed to the crisis of governance in Mexico. It will engage in a diachronic exploration of the factors that contributed to this crisis and explore what will be required for its transformation. This enquiry will be conducted in four chapters, the first of which will introduce the theoretical perspective used. The second chapter will explore the material factors that contributed to the crisis of hegemony. In the third chapter, we will discuss the more ontological reasons for the crisis, and enquire into what changes in the configuration of power within Mexico will be needed in order to end the crisis. The conclusion will offer a brief summary of our argument, and will also engage in an exploration of the global social forces that can contribute to improving the Mexican situation. These social forces will form an entity that can challenge the class forces that are in a position of global supremacy and that have been responsible for the crisis in Mexico.

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Chapter I

Introduction

The neoliberal development programme that exists in Mexico has been responsible for dramatic increases in the country's levels of poverty and inequality. As a consequence, there has developed a general crisis in the willingness of large sections of the population to passively accept the will of their political leadership. This socio-political crisis can best be understood using the lens of critical political economy and cultural studies. Ultimately, we aim to ask, why has there been a lack of social development in the country since the advent of neoliberalism some twenty-five odd years ago, and what can be done to transform the conditions? This question needs to be answered, because the current world order has entered a prolonged period of turmoil, much of which is related directly to resistance to the inequalities associated with the globalisation of neoliberalism. It is important to explore the sources of a global problem through various case-studies; this inquiry will serve as one of many that need to be conducted.

The existing theories of development cannot capably address the questions at stake, and why this is the case will be explained within this Introduction. To fully understand the problems of development in Mexico will require a sophisticated or more complex lens, which can explore the issues from a variety of perspectives, including the cultural, the economic, and the transnational level of power relations. Following the initiative of Hettne (1999, 2002), this paper seeks to develop what he labels a 'global social theory' to explore issues of development. Such a theory realises the poverty of certain existing approaches that have failed to address both the cultural and transnational factors in the development field. In fact, Hettne suggests those approaches make use of bankrupt concepts to make sense of the current issues in development. With these understandings in mind, we can then enquire as to how to alter the project in such a way as to facilitate a return of socio-political well being and stability. In short, what is needed is for hegemony to return to the Mexican people. My definition of hegemony is derived from the writings of Antonio Gramsci, who saw it as being a programme based largely upon consensus and merely "protected by the armour of coercion" (Gramsci, p. 263). With the help of a neo-Gramscian lens, we will be able to enquire as to how hegemony was transferred from the hands of the Mexican state to that of a powerful bloc of transnational social forces that has been responsible for the current global crisis of hegemony.

The remainder of this chapter will provide an overview of the existing theories of development. It will highlight the flaws in these theories, and posit important theoretical improvements that will be needed in order to more fully grasp the issues at stake in the crisis of governance and neoliberal development in Mexico. Finally, this chapter provides the reader with an outline of where our general discussion will lead in the larger thesis.

There are several broad areas of research regarding contemporary development in Mexico, the majority of which are concerned with the neoliberal project that has existed in the country since the early 1980s. Neoliberalism is a programme that: a) opens economies to unlimited trade and investment, b) enables mass privatization of land and of state enterprise c) commits governments to austerity measures that reduce both social welfare provisions and the size of the public sector, and d) terminates effective labour organisation (Portes, 1997, p. 238; Kiely, 2002a, p. 115; Rock, 2002, p. 65). The first approach requiring exploration, then, is that of neoliberalism, particularly the contributions associated with intellectuals working with the International Financial Institutions (IFIs)—namely the World Bank (Bank) and the International Monetary Fund (IMF)—and those who have advocated the tenets of the so-called neo-Washington consensus. As we will see, the advent of the neo-Washington consensus is an attempt to soften the inequalities that have accompanied neoliberalism and the original tenets of the Washington consensus. However, this chapter suggests what is 'new' is merely neoliberalism with a 'human face', as the IFIs' assumptions about macroeconomic 'fundamentals' have not changed.

There are also many theories that both explore faults in the neoliberal model of development and that prescribe ways to overcome its fundamental problems. These include, firstly, those which challenge the social capital discourses of the neo-Washington consensus; secondly, the neo-Marxist interventions, which include dependency theory, world-systems theory, theories of uneven development, and the neo-Gramscian perspectives; thirdly, the developmental statist theories; and, fourthly, the various postcolonial perspectives. Others debate exactly how the development project has been implemented in the country, and this leads to an exploration of the internal and/or external factors that have contributed to the advent of the neoliberal model of development. After we have reviewed these approaches, we will explain the problems with each, and address why we must move beyond their parochialisms if we are to fully understand issues in Mexican development and identify ways to overcome them.

Neoliberalism, Social Capital, and the Neo-Washington Consensus

The neoliberal theory of development draws on neoclassical economic theory and the developmental experience of the so-called 'gang of four', or the Asian Tigers: Hong Kong, Taiwan, South Korea, and Singapore. Neoliberals claim that the reasons why these countries developed effectively was because they pursued an export-led development strategy; were generally open to international trade and investment; and because any governmental intervention in the economy had an effective end result since it was generally market-friendly (Clark & Jung, 2004, p. 135; Greenaway & Milner, 2002, p. 197; Burkett & Hart-Landsberg, p. 158; Kiely, 1998, p. 4-5; Gereffi, 1989, p. 507; Simon, 2002a, p. 87). Under the influence of Albert Hirschman (1958), several claims about economic fundamentals and the role of the market are made. Neoliberals argue that such a strategy will bring economic growth to a country, and that this growth will eventually trickle down to help the poor and unemployed improve their social well being, particularly the inhabitants in rural areas who are separated from the urban centres of growth (Rogozinski, 1998, p. 26; Adams, 2004, p. 26; Binns, 2002, pp. 76-79; Pastor & Wise, pp. 41, 77-80). Additionally, neoliberals claim that if companies improve their efficiency and productivity this will increase competitiveness and stimulate growth in both job availability and wages. Linked to this are the policies associated with the orthodox Washington consensus such as privatisation, and the exposing of firms to global competition through the elimination of 'anti-export biases' (tariffs). Through streamlining measures and the adoption of more efficient technology, firms are expected to increase industrial efficiency and, consequently, growth. Neoliberal policies are also said to reduce inflation, which tends to harm the disadvantaged (Giugale, 2001a, pp. 8, 15-16; Rogozinski, p. vii, 1, 15-16, 21, 23, 69, 119, 133-135, 137; Heath, pp. 187-189, 196; Simon, 2002a, p. 87; Pastor & Wise, pp. 50-51; Chossudovsky, p. 62).

Discourses such as these can be discovered in the analyses of development in Mexico conducted by the IFIs, as well as from neoliberal thinkers that are not affiliated with these institutions. An understanding of World Bank perspective can be derived particularly from a critical reading of its 2001 study, *Mexico: A Comprehensive Development Agenda for the New Era*, as well as from writings on its official website. What this paper draws attention to is that many years have passed since the advent of neoliberalism in Mexico, and yet poverty and unemployment have not improved as rapidly as the neoliberals predicted. As well, the tendency of wealth to accumulate in some hands rather than trickle down when there is no redistribution has become particularly evident (Pastor & Wise, p. 43; Soros, 1997, p. 52-53; Soros, 2002, pp. 9-10, 20; Montero, 2005, p. 254).

Given neoliberalism's inability to address the social challenges of poverty and unemployment, some neoclassical economists have come to prescribe a modest redistribution of wealth and public investment (in human capital, etc.) so as to reduce problems of inequality and poverty and, thus, to improve the ability of the workforce to take advantage of new economic opportunities. They believe that an active state is needed to overcome market imperfections/market failure. In other words, it is actually a belated realisation that the market alone is unable to perfectly allocate public resources. This realisation and its prescriptions have been labelled the neo-Washington consensus (Yergin & Stanislaw, 2000, p. 216; Rogozinski, p. 23; Fine, 2001a, p. 3, 4, 15; Bergeron, 2003, pp. 403-404; Brizzi, 2001, p. 331, 334, 339; Corbo, 2001, p. 152; Wodon & Velez, 2001, pp. 97-98; Velez Bustillo, p. 462; Wodon & Lopez-Acevedo, 2001, p. 598-599; Lustig, 1998, p. 212). Those who subscribe to this new approach will prescribe certain governmental and public policy reforms such as, for example, efforts to make neoliberal structural adjustment more stable and feasible (Batley, 2002, pp. 135-138; Jenkins, 2002, p. 487). The more conservative thinkers claim that, in due time, economic growth will improve the material situation of the poor and, therefore, they do not subscribe to the need for redistribution and public investment. They believe that privatisation and increased efficiency will stimulate growth in such a way that social welfare will ultimately improve. This is a perspective associated with thinkers with the IMF, who have been less progressive than Bank researchers in seeing an expanded role for the state in development (Rogozinski, p. 2, 18, 26, 119; Heath, p. 174, 180, 187; Fine, 2001a, p. 2, 11; Butkiewiez & Yanikkaya, 2005, p. 22).

It becomes clear from those who conduct research for the Bank, however, that they can prescribe neither the redistribution nor the governmental investment necessary to reduce inequality in Mexico – even to the levels that preceded neoliberal restructuring. Hence, social assistance is only available for the most vulnerable, and welfare candidates are pressured to get off the programmes as soon as possible. This is because one of the basic tenets of the neoliberal ideology is to reduce government spending so as to reduce inflation, based on the belief that these policies attract the investment required for growth (Corbo, pp. 145-146, 154; Gindling, 2005, p. 209, 210; Friedman, p. 81-83; Rogozinski, p. 68, 43; Jayasuriya & Wodon 19, 21; Carrasco, 2006; Brizzi, pp. 330, 333; Hall & Arriagada, 2001, pp. 506-507). Indeed, as many theorists have delineated, the Bank seems to prescribe extensive governmental intervention *only* if it is directed toward increasing market competition, foreign investment (for example, through offering subsidies and tax breaks to the wealthy and to corporations), and aid in market functioning, which are central to the new 'Poverty Reduction Strategy

(PRS)' of the Bank and the IMF (Weber, 2004, p. 198; Burkett & Hart-Landsberg, pp. 154, 158, 163; Fine, 2001a, p. 3; Simon, 2002a, p. 90-91; Vadi, 2001, p. 133; Richards, 1997, p. 8; Cooney, 2001, p. 73; Chossudovsky, p. 64). It is evident that brokers of this so-called 'leftist neoliberal' or 'neo-Washington consensus' have not really distanced themselves from the main tenets of the original neoclassical 'state-as-night-watchman' orientation that characterised the Washington consensus (Kingstone, 2006, p. 6; Burkett & Hart-Landsberg, p. 161-162; Fine, 2001a, p. 3-4, 19; Fine, 1999, p. 3; Soederberg, 2001a, p. 115-116; Bergeron, pp. 402-403, 414-415).

The only way that these intellectuals can envisage a potential sizeable increase in government spending is if the government could find a way of increasing revenues so as to spend without entering a deficit and without excessive taxation of the wealthy (Montes-Negret, 2001, p. 56). However, even if the government could find such ways to improve its tax-base, the state coffers would never be full enough without a progressive income tax for the government to be able to adequately invest in social programmes for the disadvantaged. Susanne Soederberg (2001a, p. 115-116), Marxist intellectual, has repeatedly emphasised this argument. The IMF prescribes a low corporate tax so as to attract investment, and this priority supersedes any aid to the needy (Webb, 2001, p. 181; Baer, 2004, p. 4; Corbo, Giugale, & Sepulveda, pp. 146, 152-153; Webb, et. al., pp. 181-186). Soederberg therefore argues that the reason that *any* programme for the poor has been installed in Mexico is only to coopt those social forces that mobilised to oppose the neoliberal economic restructuring that has brought about inequality, increased poverty and unemployment, along with general societal upheaval (Soederberg, 2001a, pp. 104, 112; Vadi, p. 131; Cypher, 2001, p. 29-32; Cooney, pp. 58-59). Like Mexico's latest president Vicente Fox, the Bank continues to rely upon the trickle down effects of growth to address the persistence of poverty and unemployment (Soederberg, 2001b, p. 76; Wodon & Velez, p. 87; Brizzi, pp. 322-324). Chossudovsky (1999) has referred to the lip-service that the IFIs pay to issues of poverty alleviation and other ethical concerns as a 'counter ideology'. The ideology offers a semblance of critical debate within the circles of policy development, but fails to address the real sources of poverty - namely, the market economy (Chossudovsky, pp. 42-43).

The inability of governments to effectively aid the economically disadvantaged partly explains why neoliberals are advocating neoliberal-friendly solutions to the problem. Thus, the Bank prescribes strategies for improving the ability of micro, small, and medium-scale enterprises (MSMEs) and the agricultural sector to survive the fierce, foreign market competition associated with neoliberalism. After all, it is the ability to find work in outlets such as infant industry or the farm sector that will aid individuals to escape from poverty. This strategy would improve competitiveness though investment in human capital development and in business and infrastructure development, which would increase the availability of finance. Of course, since the Bank and neo-Washington consensus neoliberals in general do not want the government itself to either spend or intervene in the economy to promote industrial development (unlike the developmental statists, discussed below), governmental spending in these areas remains minimal (Kingstone, p. 6; Cypher, p. 19; Heath, pp. 185, 195). Thus, the government often prescribes private lending and for the people themselves to form savings and loan societies as effective tactics (Hallberg & Plaza, 2001, pp. 269, 273-274; Brizzi, pp. 330, 334, 336, 341, 345; Bastillo & Paqueo, p. 455). It is in contexts such as these that the Bank begins to embrace the discourse of 'social capital' - the so-called 'missing link' in development studies – as a primary instrument in overcoming market imperfections (McAslan, 2002, p. 139; Fine, 2001b, pp. 137, 138; Fine, 2001a, p. 4; Carrasco et al., p. 25; Brizzi, p. 339; Molnar & Carrasco, 2001, p. 543; Wodon & Lopez-Acevedo, p. 584).

Although social capital has been defined differently by a plethora of researchers (Streeten, 2002, p. 7; McAslan, p. 139), one of the clearer definitions offered by the Bank refers to it as "the density of interactions within and between social groups and associations, which can generate mutual trust, promote self-sustained development, and facilitate the task of public authorities" (Brizzi, p. 339). Put simply, the new Bank mantra is that social network, social norms and social trust matter. Typical social capital encompasses groups that work to overcome market failures (producer associations, credit and savings groups, and resource management organisations), claims groups, and pro bono groups (Thorp, Stewart, & Heyer, 2005). In other words, it is beginning to pile the burden of both human development and stimulating growth in 'backward' areas onto the people themselves rather than on an interventionist state (Cleaver, p. 3; Streeten, p. 7, 9). This 'socialization of risk' is at the core of neoliberalism (McAslan, p. 142; Bergeron, pp. 402-403; Gill, 2003b, p. 137). It is for similar reasons that non-governmental organisations (NGOs) have become so central to intervening in the development process—they and the people themselves must adopt the role that states once held, and thus many state services are sub-contracted to these efficient organisations (Lewis, 2002, p. 519; Desai, 2002b, p. 496; Nelson, 2002, pp. 499-500; Townsend, Mawdsley, & Porter, pp. 534-537; Khondker, 1999, p. 167). Thus, it is no surprise that the Bank is also beginning to view social capital as something that can work to bring about the political changes that it would like to see in the South, namely the fighting of corruption and the development of democracy. It is such 'good governance' strategies as these that it considers so central to achieving effective development in the era of the neo-Washington consensus (Clifford, 2001, pp. 64-65; Burkett & Hart-Landsberg, p. 155; Gilpin, 2001, p. 315; Portes, 2000, p. 4; Desai, 2002b, pp. 496-497; Kingstone, pp. 4-5).

Of course, there are many flaws in the social capital discourse. It has been noted that those communities that have access to social capital and who gain more resources because of it, might only be prospering because they are taking from those without it (Fine, 2001b, p. 141). What is more, social capital can also encourage some social groups to dominate others (McAslan, p. 141; Bergeron, p. 413). Similarly, for various reasons, the lowest socioeconomic groups often have difficulty securing representation in social networks, which severely limits their ability to shape social relations to their advantage.[1] Moreover, there is a problem with the theory, which suggests that being able to either connect with employment in the city or turn to relatives for support dramatically aids households in overcoming poverty issues (Krishna, p. 129-130). Not all individuals are blessed with such connectivity or 'bridging capital' (Gonzalez de la Rocha, 2001, pp. 76-78; McAslan, pp. 140-141). Perhaps the work that is most critical of social capital is that of Portes (2000) and De la Rocha (2001). In the first instance Portes argues that many of the theories that use social capital as the explanation for why certain societies are quite successful are unfounded academically (Portes, 2000, p. 10). In the second instance, other scholars have conducted a devastating critique of those who rely on social capital as a means to overcome uneven development in countries where neoliberalism is the dominant development paradigm. Since the advent of neoliberal structural adjustment in the 1980s and onwards, the conditions of the working class and peasants, including the ability to find formal work and an adequate living wage, have all been compromised. Thus, people are forced to work arduously and, often, in the informal sector, merely to survive. I will return to this discussion in chapter II. However, for the moment it is important to note that the ability of the informal sector to act as a buffer became markedly diminished in the 1990s due to declining wages and because of the reduced purchasing power among the general population. In other words, it could be said that social capital has eroded in the neoliberal era, largely because if people are to organise to survive, their survival strategies will ultimately depend on their ability to find secure jobs (Chant, 2002, pp. 209-210; Gonzalez de la Rocha, pp. 82-83, 86-88, 91). Thus, it is no surprise that market-based solutions will ultimately fail the hopes of neoliberals who advocate that civil society will strengthen (that is, increase its social capital) to ensure that good governance and other political objectives are met within particular countries (Chossudovsky, p. 34; Jenkins, p. 487).

Neo-Marxist Perspectives on Development

Having introduced some of the challenges of the dominant neoliberal approach to Mexican development, it seems appropriate to now discuss the Marxist approaches. As a general introduction to Marxist development theory, it could be said that those who make use of the historical materialist framework in development studies will generally criticise the various neoliberal and developmental statist accounts for failing to address issues stemming from class conflict and capitalism (Fine, 2001b, p. 138; Burkett & Hart-Landsberg, pp. 166-169). Marxist scholars also criticise the neo-Washington consensus for its semblance of being a revolution in development theory, and a dramatic turn to the left for the Bank, when in fact it continues to neglect the more important macro operations of power, particularly those of class relations and of the global economic system (Fine, 1999, p. 7-8). In fact, the Marxists of the dependency school have commonly seen the route to development as being through protecting national economies from the unfair and exploitative capitalist international system. Of course, it must be briefly noted that the debt crisis and the ensuing Structural Adjustment Programmes (SAPs) prescribed by the IFIs throughout the 1980s and 1990s prevented governments from ever fully pursuing such a course (Naim, 2000, p. 6; Kay & Gwynne, 2000, pp. 50, 52).

Marxists generally explore the social relations of production (i.e., class factors) as the primary cause of poverty. This is contrary to the Bank's blame-the-victim approach, whereby households are blamed for failing to develop a social capital that could pull themselves out of their situation by enabling them to access various networks and institutions. By contrast, Marxists will explore the structural causes of poverty, and will note that the institutions conservative discourses claim the poor need to gain access to, with the help of bridging capital, actually work to generate the social relations that produce poverty (Cleaver, p. 3; Green & Hulme, p. 3, 6, 12). Current Marxists working within the dependency and world-systems schools (two distinct theoretical approaches that have actually become very similar over time) will demonstrate that such relations are those of the (neoliberal) capitalist global economy, where the game that is played is rigged in such a way that the countries of the North always win unless those of the South take certain preventative action (Wilkin, 2002, pp. 638-639, 641; dos Santos, 1970, p. 235). In this vein, they will demonstrate that the peripheral countries (less developed countries) are dependent on the capital of the core (developed countries) to develop and on their markets to sell their exports, and that the funds that can drive development are often transferred to the North due to unequal exchange, remittances, and both interest and debt payments (Cooney, p. 78; Gwynne & Kay, p. 53; Ayres & Clark, pp. 10, 12; Gereffi, pp. 508, 517, 519; dos Santos, p. 231; Cardoso, pp. 175-176). The countries are also dependent on the technology of the North to develop, little of which is diffused to the South through the global economy (Gwynne & Kay, p. 54; Ayres & Clark, pp. 7, 9, 11; dos Santos, p. 232; Wallerstein, 2003, p. 182;). Unequal exchange is likely the most difficult of these concepts to grasp, which makes it apposite for us to consider it briefly. Dependency theorists use unequal exchange in reference to the need for a less developed country (LDC) to export an increased number of commodities to a developed country (DC) in order to import various higher value-added commodities (i.e., not primary resources) and services from the core. This is one of the main causes of uneven development in the global economy or, put simply, the tendency for growth to occur in some countries/sectors and not in others. Of course, Mexico is not a country that primarily exports the lowest of value-added commodities, unlike many other countries in Latin America. On the other hand, its reliance on cheap, labour-based manufacturing shows that it still does not focus on the highest of value-added production. Moreover, Mexico continues to export agricultural products from its southern states, which do face declining terms of trade (Gwynne & Kay, pp. 55, 57; Ayres & Clark, pp. 10-11; Cardoso, p. 171; Paus, 2004, p. 8; Bair & Peters, 2005, p. 206; Sargent & Matthews, p. 2016). The very fact that unequal exchange exists demonstrates that there is a deep flaw in neoliberal theory, which assumes that the price of primary products will rise in relation to those of manufactured goods (Sapsford, 2002, p. 73).

We now consider the dependency theorists' exploration of how LDCs can develop under situations of dependency. When interventionist policies are pursued, peripheral states can move to the semi-periphery (countries in between core and periphery) through 'dependent-development.' The policies required for this being: limited protectionism; import substitution industrialisation (ISI); technological development and human capital improvement (Duvall, 1978, pp. 56-57; Gwynne & Kay, pp. 52, 62-63; Ayres & Clark, p. 11; Gereffi, pp. 508, 518, 522; Onis, 2000, p. 11; Cardoso, pp. 174, 177; Marshall, pp. 105-106; Cypher, p. 18). Of course, the dependency theorists do understand that states have to remain partially open to foreign investment if they are to develop a competitive industrial base (Ayres & Clark, p. 12). However, it will be difficult for them to attract this capital because, as Weeks has indicated, capital is primarily invested in regions where capitalist social relations are already well-developed. Where these relations are most advanced, development will occur most effectively because there will be a drive for technological advancement in these regions rather than in others, advancements which attract investment from the core (Weeks, pp. 17, 25, 26; dos Santos, p. 232). These conclusions will contribute greatly to our main discussion. It must be stressed that these findings are not exclusively Marxian, and other theorists working in more mainstream development circles have come to similar conclusions (Li & Liu, 2005, p. 18).

Unfortunately, despite recent increases in proletarianisation (Roman & Arregui, 2002, p. 224), capitalist social relations remain underdeveloped in Mexico, and the technology that aids in development needs to be transferred from the core (Ayres & Clark, p. 12; dos Santos, p. 233). The notion of technological dependence is very important; indeed, those who have been influenced by the thought of Weeks might say that it is the only remaining logical bastion of dependency theory. Weeks criticises dependency theory for having certain problematic presumptions, perhaps the most crucial being his challenging the theory that funds will be transferred from periphery to core without being reinvested in the periphery (Weeks, p. 13-14). Yet, having queried these assumptions, he cannot demonstrate a flaw in the notion of technological dependency. In fact, many researchers have explored issues relating to such dependency in Mexico (Cypher, pp. 18-28; Cooney, p. 76). It is worthwhile noting that certain experts in Mexican development seem to have been influenced by Weeks' interventions, as they hold perspectives similar to his (e.g., Cooney, p. 78).

Another neo-Marxist approach that it is important to discuss is the neo-Gramscian one. This approach shares some similarities with world-systems and dependency theories, but improves upon their general analysis. For instance, there is the critical political economy perspective of the leading neo-Gramscian scholar, Robert W. Cox. Although Cox only mentions his indebtedness to world-systems theory in a brief and, arguably convoluted way, its influence upon him can be discerned. Like these theorists, he stresses that the state system is organised in such a way that the benefits accrued in it tend to accumulate in the hands of the economically powerful who reside in the dominant states (Cox, 1996b, p. 516). He also examines the dependence of the global South on technology imported from the North for development (Cox, 1987, p. 232).

Neo-Gramscians improve upon the earlier Marxian approaches particularly in relation to their analyses of class. Although Immanuel Wallerstein, the leading world-systems theorist, has characterised states as representing the interests of the capitalist class, he has not inquired into the transnational dimension of this class, even though it was well established when he was writing his major works in recent decades (Shannon, 1989, pp. 22, 28, 36). In contrast, the formation of this class was central to the development of Cox's thought because he saw it as having the potential to alter the existing world order. Theorising in the 1980s, Cox wished to enquire as to how world orders change over the course of history. In contrast, the world-systems theorists had viewed world orders merely as static entities. The latter were incapable of explaining the emergence of past and present world orders and how they come to change into new world orders. As well, Cox and, through his influence, Stephen Gill, separated their thought from this structuralism (Cox, 1996b, p. 513) because they understood that contradictions can develop in a world order and, over time, eventually lead to its change (Cox, 1986, p. 206-207; Gill, 2003h, p. 73-74; Gill, 2003c, p. 179).

Cox has taken Gramsci's ideas, which focused generally on the arena of domestic politics, and applied them to the international realm (Gill, 2003h, p. 86). He took license from Gramsci's own writings to do so, as evidenced by his having quoted the considerations of Gramsci that international relations are a product of the social relations of production in the footnotes to his classic "Social forces, states, and world orders: beyond international relations theory" (Cox, 1986, fn 19).

The key to examining world orders in a neo-Gramscian manner is to inquire into the fit between ideas, institutions, and material capabilities at a global level. A power can be said to be hegemonic within a particular world order when the ideas (especially those associated with production) it favours become the basis of how other states direct their policies. When this situation arises, such ideas will become embedded within international institutions. Thus, the primary basis of hegemony can be seen as a power's *leadership* within a world order, rather than its being dominant in terms of material power. Certainly, material capabilities are important,[2] but they alone are *not* a sufficient basis for hegemony. This has obvious parallels with Gramsci's definition of hegemony, since the material forces that Cox speaks of are definitely inclusive of the destructive, *coercive* forces controlled by states. The consensual dimension of hegemony is central to neo-Gramscian analysis, and this is why Cox mentions that the hegemonic power will have to make concessions to the weak, and likewise use international institutions as a way to foster consensus rather than using force to achieve it. The greatest powers must evidently go to great lengths to make their rule will seem attractive to the lesser powers (Hettne, 1995, pp. 14-15; Cox, 1987, p. 129; Cox, 1986, pp. 218-219, 222-223, 224; Gill, 2003c, p. 159; Gill, 1995, pp. 67-68). Also, Cox and others have analysed global politics from the bottom up because they see subaltern forces as having the power to change the system (Cox, 1986, p. 217; Gill, 2003a, p. 20). For instance, the *ideas* that Cox sees as being one dimension of hegemony must deliver real material benefits to those to whom they are applied. When the multitude does not secure such benefits, the prevailing hegemony can enter crisis because people will naturally explore other ideologies that might be more effective in practice, thereby spawning counter-hegemony.

Historical materialist understandings lead the neo-Gramscians to see the basis of changes of world order as being related to changes in production. As production changes, so too does the prevailing configuration of social forces with the world order, which, in turn, have the power to alter states and thus world orders (Bieler & Morton, 2001, p. 6; Cox, 1987, pp. 2, 6, 126, 148-149; Cox, 1986, pp. 220-221; Gill, 2003a, p. 31; Gill, 2003b, pp. 122-123; Cox, 1996d, p. 192; Cox, 1996c, p. 210). Using their transnational historical materialist lens, the neo-Gramscians view the transnational capitalist class (TCC) and those who represent its interests as having been responsible the birth of a neoliberal world order. These social forces arose with the forces of economic globalisation, and have worked to deepen such productive forces through the propagation of neoliberal globalism. They have worked to install neoliberalism in their countries of residence because it directly benefits them and not necessarily their respective nations. In other words, their allegiance is to their class interests rather than to their countries. In short, the bloc pushes for the policies of nations to suit the interests of the investors that constitute the TCC (Wilkin, p. 637). It is this class that imposed neoliberalism as a framework for development in Mexico, something that we will look into more closely in the second chapter (Morton, 2003, p. 639-640, 645; Soederberg, 2001a, p. 107-110; Soederberg, 2001b, p. 65-66; Vadi, p. 130-131; Richards, p. 7-8; Roman & Arregui, 2002, p. 233). Perhaps the most important of the strategies used by the TCC is that of loan conditionality, which can force governments to install certain development agendas (Burnell, 2002, p. 475; Fine, 2001a, p. 11). It is not only the IFIs that control development through loan conditionality (Butkiewiez & Yanikkaya, pp. 3, 7), but also many governments that provide aid. It is common for both governments and the IFIs to only provide aid to those countries that seem to have strongly embraced neoliberal reform (Broad & Heckscher, 2003, p. 721; Hout, pp. 521, 523-525; Simon, 2002a, p. 88; Vadi, p. 130; Richards, p. 3; Soros, 2002, p. 61; Chossudovsky, pp. 51-52). The latter analyses draw attention to just how powerful is the TCC in contemporary global politics; an entity must be of immense power if the foreign policies of states reflect its interests.

Some theorists might go so far as to label the TCC the world's new hegemonic entity. However, I ague that this class' power is really a power based upon both coercion and social exclusion, and can therefore be characterised as, to make use of Gill's terminology, 'post-hegemonic' or a 'supremacy.' In a recent work, Soederberg has also referred to such absence of hegemony in the current world order, instead making use of the terms 'non-hegemony' or 'dominance' to describe it. Post-hegemonic formations are very unstable and it is possible to change them with a bloc of social forces, a fact that will prove important in later discussion (Gindling, 2005; Montero, pp. 254, 263; Gill, 2003c, pp. 160, 180; Gill, 2003b, p. 141; Soederberg, 2006, pp. 49-50).

Neo-Gramscian perspectives on economic globalisation are more accurate than that of conservative intellectuals such as Teichman (2002, 2004) who fail to mention that the TCC was directly responsible for such developments. Instead, they want to emphasise that the economic adjustment within Mexico was mainly an endogenous creation that was not pushed upon the country by a class that has power within international bodies, foreign states, and Mexico itself (Woods, 2000, p. 825). Certainly, the US might have encouraged the IMF to be more lenient with Mexico than with other states in terms of the amount of pressure it should apply to bring about its will to adjust, but this is not grounds to argue that the will to reform primarily came from within Mexico. The US represented the interests of the TCC just as did any other player concerned here, and the US acted as it did because it was afraid that if it was overly harsh with too many Latin American states that they would side against it (Corbridge, 2002, pp. 478-479).

The same goes for right-wing interpretations on the discourse of 'ownership' in development, particularly evident in the new poverty reduction strategies. The IFIs and other neoliberal development organisations increase the role of interest groups from the countries in which they are involved in both policy development and implementation and this cooptation obscures the fact that development policies continue to be shaped by conditionalities that encroach upon the sovereignty of LDCs. The truth is that power still remains one-sided in such relationships, with ultimate strategic and policy decisions stemming from the IFIs themselves. In other words, 'ownership' is only a façade and a way to endow the IFIs with legitimacy (Fowler, 2002, 510-511; Nelson, p. 500-501; Brizi, p. 337; Fine, 2001a, p. 11-12, 15; Soros, 2002, p. 23). It would also be useful to refer to the postcolonial and neo-Gramscian notions that the lower classes and other peripheral groups, or what Gramsci referred to as 'the subaltern', can never say 'no' to the dominant discourse - herein this discourse being neoliberalism (Gramsci, pp. 53, 159, 196; Kingstone, p. 8). Thus, any criticisms of neoliberalism, and particularly those announced in IFI consultation sessions with civil society, will be coopted or even ignored by the dominant discourse, which further secures its dominance (Kapoor, 2002, p. 652; Cox, 1996a, pp. 137-139; Kingstone, pp. 6-8).

This brings us back to the neo-Marxists' use of the concept of social capital. Having gained an understanding of the structural power that the neoliberal bloc has over LDCs, they will bring the discourse of social capital into their theorizations as to how to overcome that power (Streeten, pp. 16-17). As such, they will explore the social relations that connect individuals globally in their resistance against neoliberal globalisation, in the hope of returning power to the hands of the people. This is the counter-hegemony that we referred to above (Wilkin, p. 643; Vadi, p. 143; Roman & Arregui, 2002, p. 231; Van Rooy, 2002, p. 492).

Having conducted a broad survey of Marxian development theory, we will conclude this section of the Introduction with a point that is integral to such theory. Like the realists (Garrett, 2004, pp. 2-4; Gilpin, 2001, pp. xi, 23, 117, 141), the Marxists will generally demonstrate that there is unequal growth in a global capitalist economy, and, as a cause, point to the lack of several factors which contribute to competitiveness that are lacking in most LDCs (Kiely, 1998, p. 9). They will also show that not only is there uneven growth between core and periphery, but also within core countries as a collective and peripheral countries as a group. This is contrary to the neoliberal and Bank claims that free trade will benefit *all* economies by reducing the economic divide and income inequalities between them (Kiely, 2002b, pp. 183-185; Gwynne & Kay, p. 51; Ayres & Clark, pp. 3-4; dos Santos, p. 235; Gilpin, pp. 110-111, 141, 184).

The Developmental Statists

We now move on to briefly inquire into the developmental statist approach, which tends to have some similarities to aspects of Marxian solutions to the problem of 'underdevelopment' – the imperfect development that peripheral countries experience when exposed to the relations of the global capitalist system. The former demonstrates the dramatic differences between a neoliberal development model and that which, for example, was *actually* pursued in East Asia. Developmental statists will indicate that, certainly, these countries did pursue an export-oriented model of development and that export promotion was certainly successful as a mode of development in these economies, but will *also* emphasise that there were many policies pursued in these countries that had a greater contribution to development than did basic neoliberalism. What makes these intellectuals anti-neoliberal is their realisation of the benefits of policies of high rates of import-substitution, state investment in education and other arenas, governmental subsidisation and protection – in other words, policies that are not market-friendly at all and that 'got the prices wrong' (Burkett & Hart-Landsberg, pp. 163-164; Clark & Jung, pp. 135-136, 141; Kiely, 1998, p. 5-7, 9; Kiely, 2002a, 99; Gilpin, pp. 316-321). It is notable that Mexico has not adopted these policies. The country is highly dependent on the US as an export market (with all of its vagaries), whereas the Asian Tigers have tended to diversify their export destinations (Gwynne, 2002, p. 205; Burkett & Hart-Landsberg, p. 159; Cypher, p. 33; Roman & Arregui, 2002, p. 229). These intellectuals would press for Mexico to adopt a developmental state model, rather than continuing the pretence that embracing social capital and the neo-Washington consensus would be effective solutions to the negative effects of neoliberalism (Fine, 1999, p. 7).

Towards Interdisciplinary Development Theory

Having clarified the main discourses of development theory, we now must consider where this paper will take the reader in terms of setting out a unique theory that can improve upon past inquiries into the problematic of Mexican development. We have mentioned already the importance of understanding transnational power relations through use of global social theory. As Weber pointed-out, to speak of '*inter*national development' today is really to engage in discursive tactics that ignore the *trans*national power blocs that push forth neoliberalism globally, the forces that are perhaps the most important in contemporary global politics (Weber, 2004). Global social theory will be an interdisciplinary approach that draws upon many fields of study so as to broaden its conceptualisation of development issues. As Ficker (2005, p. 150) states in a recent article, "Few scholars are under the illusion any longer that one general theory, with a relatively small number of variables, is capable of explaining everything in Latin American development." Indeed, a more sophisticated political economy theory is something that Mittelman, Pieterse, and Hopenhayn have also been pushing for in future globalisation/development research (Hopenhayn, 2001, pp. 88-90; Mittelman, 2000, pp. 4-8; Pieterse, 1999, pp. 79-80, 91). My approach is influenced by neo-Gramscian global political economy, the links between social peace (hegemony) and development, and cultural studies (Hettne, 2002, pp. 10-11; Hettne, 1999). It is also influenced by the newer interventions in development theory, which can be gathered under the umbrella term 'postcolonial theory.'

Providing the reader with a brief definition of postcolonialism would prove helpful. It is really an intellectual effort to destabilise the Western expert as the knower, as s/he who can define what is truthful. Hitherto, all normative (that is, concerning how the world should be) discourses of development have been defined by Western individuals; non-Western researchers have been unable to express what progress in development could be. Postcolonial intellectuals have attempted to recover the voices and agency of such peoples in an effort to remove Western stereotypes and representations of what is wrong with the South and its inhabitants (McEwan, 2002, pp. 127-128; Dirlik, 1994, p. 329; During, pp. 386, 388; Kapoor, 2002, pp. 650, 653; Potter, 2002b, p. 61).

It could be argued that these new approaches are not compatible with some of the more traditional inquiries, which tend to favour many of the paths that the West has taken towards development. Even the Marxian traditions regard the core as 'developed' or modernised and the periphery as lacking a preferable Western form of development – socialism (Kapoor, 2002, p. 654; Dirlik, p. 334). However, certain dependency theorists do recognise that agency can be exercised by peripheral people (Kapoor, 2002, p. 656); in fact, they would make a point of using non-Western countries (those of East Asia) as models of development that could be followed when such agency is exercised in development practice (Dirlik, p. 354). Furthermore, the neo-Gramscians who subscribe to global social theory certainly do not prescribe Westernisation/ modernisation; instead, they may see the North *itself* as requiring a new form of development (Hettne, 1999, pp. 5-6). Moreover, it must be stressed that many of the traditional critical modes of analysis are necessary to locate some of the central sites of power in global politics, sources of class power that will prove to prevent those in the South from ever achieving what they themselves consider to be 'developed', be that either a Western or non-Western definition of the endpoint of 'development.' In Kapoor's words: "Does not the colonised subject's status in the capitalist economy impinge on his/her ability to represent or negotiate, or on how forcefully s/he can represent in or negotiate in relation to another subject?" (Kapoor, 2002, p. 658).

Spivak, one of the dominant voices in postcolonial studies, has enquired into of some of the issues that have concerned more traditional studies in development — namely, problems dealing with poverty, inequality, and exploitation, in short the problems associated with transnational neoliberal globalisation (McEwan, p. 130). However, like some other postcolonial critics, she does not accord sufficient importance to the Marxian insights for combating these problems (Kapoor, 2002, p. 660; Dirlik, p. 344). It must be reemphasised that postcolonialism is an intellectual movement that, in many ways, has drawn on the political economy insights of Marxism, and that this genealogy of the movement is important to its aims (McEwan, p. 128; Dirlik, p. 334; Kapoor, 2002, p. 659). This could be why Kapoor, a writer who has allegiance to postcolonial insights, has written an article where he defends dependency theory and challenges the postcolonial critics for their having failed to examine material issues. We must stress that the marginal position of the subaltern would never have arisen in the first place if the global march of capitalism had not been at play (Dirlik, p. 346; Sundern Rajan, p. 612).

Overview of the thesis

In order to prepare the reader more fully for what lies ahead in our discussion, we will now move on to an overview of the remainder of this thesis. This paper is largely theoretically-oriented, and will draw upon primarily secondary sources. The Introduction and Analytical Conclusion included, the work will be divided into four different chapters, which will here be introduced briefly. The second chapter will open with an exploration the development project of Mexico prior to the post-1968 organic crisis, the starting point of the shattering of the hegemony of the Institutional Revolutionary Party (the PRI). Specifically, it will outline reasons why that project was hegemonic in a Gramscian sense, and, to do so, it will generally refer to the consent that was fostered among the general population with cultural-nationalist myths associated with the Mexican revolution and post-conquest Mexican identity, the redistribution of wealth, the realisation of classic measurements of 'development' (GNP per capita growth, the standard measurement of economic growth), and low levels of coercion used by the ruling party.

The second section of the chapter will explore the crisis of that hegemony, which can generally be explained by a popular realisation that there was not a real basis to the myths that the ruling party had installed in the country to secure its legitimacy; in short, people became knowing of the true interests of the PRI and began to feel that they were not benefiting from its rule as much as they would have liked. The crisis became more entrenched as the PRI made more and more blunders in its handling of domestic affairs, and particularly when it took the side of the TCC in a reform process that would drastically harm the multitude.

The third section of the chapter conducts an in-depth inquiry into the impact of neoliberalism on poverty and inequality in Mexico. It will add more depth to what we have already criticised regarding neoliberalism in this Introduction. We will examine its impact on different social groups and sectors of the economy: farmers and *campesinos* in the rural South; workers and unions; the urban poor and the informal economy. The last section will look at the issues of development under the neoliberal model that were not touched upon in the previous. Specifically, it will explore the lack of stable growth and investment, and turn to many analyses that have been inspired by the work of the dependency and uneven growth theorists to explain this outcome.

As a change of focus, the third chapter will be dedicated to exploring the links between Mexican ontology and culture and a development project that Mexicans consent to. Firstly, we will examine the cultural dimension of hegemony in Mexico; something that will be influenced by those working in what

Wiarda (1999) has labelled the Latin American Tradition. The main research question of this section asks why those who did not materially benefit from PRI rule prior to 1968 still consented to its leadership. The answer can be found in the PRI's having appealed to and propagated myths that worked in line with the identity that Mexicans had developed since the advent of Western colonialism in the country. Here, we shall draw upon the thought of Octavio Paz, Carlos Fuentes (1985), and other experts on Mexican political culture. Modernisation theory's assumption of linear cultural development (towards what is Western) will also be queried, as Mexico could never have retained a unique identity had modernisation theory's predictions held true in the field of development. Of course, to sufficiently explain the development of the identity of the Mexican will require an indepth genealogical analysis of Mexican history. The general conclusion that we will come to is that Mexico's identity has been partly founded on minimising foreign influence in the country, something that neoliberal globalisation has encroached upon. It is this encroachment that was one of the fundamental reasons for the crumbling of PRI hegemony.

The next section of the third chapter will work with the conclusion of the previous regarding the importance of limiting foreign influence in Mexico, the reason being that this will be fundamental in order to ensure that hegemony can be recreated. This point will bring us to conclude that, if there is to be a new programme of development in Mexico, it will have to be installed by the Mexican people themselves, rather than by a foreign body. Of course, this does not mean that we must cease to theorise as to what might make sense for the Mexicans to install in their country; after all, there are definite problems and identities in Mexico that Western researchers can observe and use as starting-points in their research. The Western researcher must never cease to be responsible for helping the Other with his/her problems. It must, for instance, be realised that there are aspects of the Western model of development that many Mexicans do buy into, and this is precisely why those aspects of post-development theory that reject Western development altogether must be queried.

The next section will explore just how the Mexicans would ever be able to install their own ideal development project. Drawing on neo-Gramscian theory, we will conclude that this will require a struggle conducted at the level of transnational civil society, a society that could both challenge the power of capital and respect the will that is derived from its links to Mexican civil society. Finally, the chapter will address more theoretical issues regarding just how international development could ever come to the point of allowing the Other to install development on her own terms. It is possible that such a situation could only arise when the North comes to respect the Southern Other to the point of becoming willing to learn from him/her. How this could come about will require a detailed theoretical discussion of postcolonial theory.

Chapter II

Development, Hegemony, and Crisis

This chapter will explore the causes of the current crisis of hegemony in Mexico through the lens of critical political economy. Engaging in a diachronic study, it will explore how the hegemony that existed in much of Mexico's twentieth century was shattered with the advent of neoliberalism in the early 1980s. This economic paradigm has increased the insecurity of the lower classes and has not brought about the economic growth it promised to bring to the country.

Although the PRI did not rule democratically, it created a balance of social forces so that there would be consensual under-trappings to its development scheme. It did this through the method of tripartite corporatism laid-out in the 1931 *Ley Federal del Trabajo* (LFT), whereby the government created a semblance of social inclusion by imposing, with an initial modest use of force, a framework of collaboration on mobilised groups of peasants, the middle classes and labour. Within this framework, the PRI acted on behalf of a weak labour movement to ensure the existence of labour rights, the redistribution of wealth and social provisioning. The government also created massive public works programmes and invested in industry to promote employment (Mayer, 2003, p. 76-77, 79; Poitras & Robinson, 1994, p. 1-3; Patroni, 1998, p. 3-4, 6; Macleod, 2004, p. 239; Portes, 1997, p. 243; Paz, 1985d, p. 242, 259; Paz, 1985c, pp. 179-182; Rogozinski, p. 52, 61; Gawronski, 2002, p. 368). This scenario provided proof of the Gramscian and Leninist notions that superstructure can determine structure, as opposed to the orthodox Marxian hypothesis that only looks at structural influence on the superstructure. The state had enough power to create a capitalist class to break-up feudal landholdings, the effect being the freeing of peasants from the land so that they could become proletarianised. Thus, it was the PRI that really created Mexico's industrial structure. In short, unlike in other parts of the world, the PRI, rather than the capitalist class, was the leader of Mexico's development (Paz, 1985d, p. 255-258, 268; Paz, 1985e, p. 381). Following the Second World War (WW II), Mexico deepened this economic nationalism by attempting to limit the effect of what many saw as a dependency on foreign markets for exports and imports. The result was the birth of ISI, whereby tariff and non-tariff barriers were raised to protect the economy from foreign competition (Maryse, 2000, p. 22). The PRI really began to pursue a neomercantilist project, which not only limited foreign access to the economy, but also nationalised certain sectors, and secured loans from foreign banks to fund the nation's development projects (Morton, p. 637; Cox, 1987, pp. 231-232, 240).

Under this programme, Mexico did encounter development in many different ways (Paz, 1985d, p. 248-249). Common measures of development were fulfilled: growth (as measured in terms of GNP/capita) occurred; while an increase in real per capita income and a dramatic reduction in poverty created a consenting proletariat; the creation of a middle class was facilitated and the people were provided with a sense of hope (Elliot, 2002, p. 45; Rochlin, 2002, pp. 171-172, 177, 178; Patroni, pp. 6; Paz, 1985d, pp. 255-258, 268). The possibility of social mobility brought consent to the rule of the PRI, enabling the party to keep its instruments of coercion hidden in the background and not put to excessive use (Paz, 1985d, pp. 270-271).

Yet this development did not reach the majority of the population, particularly those inhabiting the rural South (Paz, 1985d, pp. 259-260, 268), and this is why Paz labels Mexican development as being a kind of "mirage" (Paz, 1985d, p. 266). For instance, unions had limited ability to strike, and often did not gain the wage increases that they pushed for (Mayer, p. 78; Patroni, p. 5; Macleod, p. 239). Further, the most development that the rural South ever witnessed during the reign of the PRI was in the short period of 1940-1955, when the state invested heavily in agriculture and guaranteed agricultural prices so as to support the farmers (Kelly, 2001, p. 86). In the 1960s and early 1970s, the government ceased to support agricultural prices because of inflationary pressures. The government also found that it could not afford to continue investing in agricultural projects. However, not long after, realising that poverty was increasing in rural areas (despite the fact that it was declining on a national scale), the government began to subsidize agricultural inputs and heavily invest in rural social services, infrastructure, and employment programmes. Certainly, these programmes and price guarantees did help many as they increased agricultural output and earnings from sales, but they did not overcome land concerns for the most marginalised, and they came to an abrupt end with the advent of neoliberal commitments and a change of administration in 1982 (Kelly, pp. 87-89). Neoliberalism virtually put an end to governmental subsidisation, pricing, and support programmes in the countryside (Kelly, p. 90; Scott, 2004, p. 327). One of the more serious blows suffered by the *campesinos* in the South stemmed from President Salinas' elimination of the *Instituto Mexicano de Café*, a support and marketing agency for coffee growers (Rochlin, 1997, p. 61). Issues concerning the Mexican South will be discussed further below.

Having gained an understanding of the policies of PRI, it could be said that the party really fulfilled Gramsci's interpretation of Machiavelli's centaur, the model of perfect governance – the "half animal and half-human...the levels of force and consent, authority and hegemony...of agitation and of propaganda" (Gramsci, 1971, p. 170). The ruling party really created consent through propaganda and active involvement in the economy to aid the disadvantaged, with the overall effect of the average person buying into the myth of development (along with the revolutionary myth) (Patroni, p. 8; Paz, 1985d, p. 278). Machiavelli's emphasis on deceiving the multitude can be summarised in his sly words, as "one who deceives will always find those who allow themselves to be deceived" (Machiavelli, 1980, p. 93). It could be said that the savvy PRI created a situation of social hegemony where the use of force as an instrument of power did not appear to rule excessively over the instilling of consent (Gramsci, p. 80;

Mittelman, p. 3). The population of the South might not have liked the situation in which it found itself, but prior to the 1970s, active resistance was by no means the rule of the day and so consent was the characteristic order of the politics of the Mexican South (Paz, 1985d, pp. 272, 274). It is evident that it was not the capitalist class that was hegemonic in Mexico (Cox, 1987, p. 236), instead it was the PRI and its strategists. The PRI ruled through Bonapartism, or the form of governance where a fractured and disorganised civil society finds itself bankrupt in its abilities to extensively influence state policy (Roman & Arregui, 2002, pp. 232-233, 232fn; Vadi, p. 129).

The Crisis of Hegemony

This situation began to change during the hosting of the 1968 Olympic Games in Mexico City. Many people had come to realize that social inclusion under the reign of the PRI was only a tactic that development was not that effective, and that official unions were only mythically on the side of labour. After all, even considering the flaws in state corporative unionisation in areas where it did exist, many workers were not even granted its meagre benefits; instead, such unionisation was limited only to key industry, leaving many people marginalised. Moreover, in foreign firms, enterprise corporatism existed, which took an anti-union stance that moved labour away from unions and toward a merely symbolic relationship with management. This left workers unprotected and not permitted to strike (Cox, 1987, pp. 71, 236, 240). Discontent culminated in widespread student protest and, in order for the PRI to ensure a continued control over the reins of power, it became excessively reliant on the use of coercion. The state even began to engage in dirty war tactics in some of the more turbulent states (Weinberg, 2002, pp. 99-101; Saramago, 2002, pp. 382-383; Morton, pp. 641-642; Paz, 1985d, pp. 228-231; Gawronski, pp. 370-371; Vadi, pp. 129, 134; Richards, p. 10; Soederberg, 2001b, p. 70; Rochlin, 2002, p. 179).

When trying to understand the crisis of authority of the PRI, it is useful to refer briefly to the work of Gawronski. He views the crisis of legitimacy as having had three main parts: the crises of moral legitimacy; performance legitimacy and political legitimacy. The regime's moral legitimacy was lost beginning in 1968, leaving the government to use cooptation as a strategy for survival. With increased protest to its rule, it decided to liberalise the electoral system in the hope of returning a degree of support to its hands (Gawronski, pp. 371-372). However, in 1985, the regime's performance legitimacy was lost when it failed to adequately manage the devastating earthquakes that struck Mexico City (Gawronski, p. 373). Not long after, in 1988, the third pillar of hegemony was lost when the party resorted to electoral fraud to ensure victory in an election (Gawronski, p. 373). Although this triad of legitimacy is useful to make sense of factors explaining the PRI's loss of hegemony, it is necessary to add the Gramscian force/consent equation to any model explaining such a process, making it worthwhile to highlight the change in PRI strategy from its consensual basis to that of coercion.

The difficult situation in which the PRI found itself was compounded by debt problems: the government had run a debt through securing foreign loans both to support the *campesinos* in the countryside and other powerful groups and to finance its current account deficit (McMichael, 1996, p. 282; Cox, 1987, pp. 236-237, 276; Heath, p. 175; Lustig, p. 18; Cypher, p. 29). The interest payments on this debt increased in 1979 because the US had embraced a deflationary policy so as to overcome the hyperinflation it was experiencing as a result of excess spending (Gilpin, p. 313; George, 1997, pp. 212-213; Richards, p. 3; Morton, p. 637). The Mexican government had been relying on the high price of oil in global markets to acquire funds to repay its loans; however, the prices of the commodity collapsed in the early 1980s due to the same deflationary turn in the North (Lustig, pp. 21-23; Glade, 2004, p. 369; Rogozinski, p. 44). In 1982, the government declared that it would be unable to service its external debt, and turned to the IMF for relief. In order to secure loans to repay its debt, the IMF required that the government give in to a neoliberal SAP that the former had designed to increase debt-servicing capacities (Killick, 2002, p. 481; Vadi, p. 130; Morton, p. 645; O'Brien, 1995, p. 707; Soederberg, 2001b, p. 70). The agreement reached with the IMF was that Mexico would have to liberalize exchange controls by 1983 and reduce its budget deficit dramatically by 1985. Of course, it is important to realise that neoliberal adjustment was neither purely an exogenous nor an endogenous creation, but that it was imposed from within and without by an emergent bloc of powerful social forces interested in neoliberal globalisation

(Woods, p. 825; Gilpin, p. 314-315; Richards, p. 3). For instance, it was the power of this bloc within Mexico that prevented default from becoming a policy option, even though it was in Mexico's national interest to exercise the default outcome. Transnationally-focused Mexican capital was unwilling to permit such an option because that would harm the global capitalist system whose health was of prime concern for this class (Richards, p. 3). The main forces pushing for structural reform came from this class, the IMF, the Bank, the US government and the General Agreement on Tariffs and Trade (GATT) (O'Brien, p. 707; Vadi, p. 132), all of which represented the interests of the same bloc of forces. On top of IMF efforts, the Bank used loan conditionalities to push for privatisation as one of the main ways for the government to generate the funds that would help to both reduce the deficit and pay back foreign debt (Macleod, pp. 74, 101; Chossudovsky, pp. 54-55). Moreover, for Mexico to join the GATT in 1986, it had to deepen its neoliberal reforms (Levy & Bruhn, 2001, p. 250; Maryse, p. 26). Before we move on, it should be noted that these were some of the first instances of the new trend of 'global governance' that is exercised by non-state actors. Today, the IFIs in particular have come to have a direct impact on the governance of 80% of the world's population (Soederberg, 2006, pp. 20-21; Patel & McMichael, 2004, p. 245; O'Brien, p. 708; Chossudovsky, p. 37).

It could be argued that the reason that the Mexican government was so consenting to the neoliberal project was because it could no longer retain a hegemony that transcended the power of each social class. As we have seen, beginning in 1968, the PRI began to lose much of the support of the population, and therefore it had to find a social group upon whose interests it could find a secure grounding (Morton p. 642; Macleod, p. 90). The PRI found what is was seeking in a growing group of Mexican scholars who had been indoctrinated in neoliberal ideals during their studies in either American universities (where, by the 1970s, neoliberalism had become the dominant discourse in economics departments) or local research centres funded by transnational capital (Chossudovsky, p. 42; Macleod, p. 105; Glade, p. 363; Richards, p. 4; Mortin, pp. 639-640; Gill, 2003c, p. 177; Gilpin, p. 312). In effect, beginning in the 1970s, these *tecnocratas* were granted prime positions in the bureaucracy, and the same thinkers began to side with the IMF in a push for Mexico to embrace neoliberal reform (Glade, p. 366; Hilbert, 1997, p. 119; Vadi, p. 132). It was such thinkers who would later represent Mexico's role in the negotiations for the advanced neoliberal regional pact, the North American Free Trade Agreement (NAFTA). One particularly notable economist is Herminio Blanco, a man who studied under the lead neoliberal scholar, Milton Friedman and whom also received his Ph.D from the University of Chicago, an institution that is renowned for its neoclassical stance in economics (O'Brien, p. 712). When they are in charge of framing policy, technocrats are very dangerous because they can frame their discourses with the scientific aura of instrumental rationality... their ultimate tactic being to make ethical concerns appear unworthy of consideration (Carnoy, 1984, pp. 112-115; Hopenhayn, pp. 84-85).

As mentioned briefly above, another social group that provided support for governmental commitment to neoliberalism consisted of those individuals who had connections to large Mexican corporations. It was this faction of capital, and particularly that of the Monterrey group, that had always opposed the economic interventionist and labour-friendly characteristics of the PRI (Patroni, p. 3; Roman & Arregui, 2002, pp. 220-221). These corporations began to consolidate their power during the 1970s, and it was in this decade that informal discussions between the PRI and representatives of such domestically-owned oligopolist capital were initiated. Their transnational aspirations were revealed towards the end of the 1980s, when they began to engage in transnational investing. Their representatives also realised that personal benefit could result from neoliberal privatisation schemes and from a free trade agenda such as NAFTA that would grant them unlimited access to the giant market of the US (Hogenboom, 2004, pp. 211-214; Mortin, pp. 638-641; Alarcon & McKinley, 1992, p. 79; Levy & Bruhn, p. 250; Macleod, pp. 106, 244). It was also in the 1980s that they began to push for the latter, making direct contact with American political figures and funding their trips to Mexico where they could show off the investment potential that would come to America with a free trade agreement (Maryse, p. 27; Tatalovich & Sanchez, p. 6). The election of the PAN in 2000 brought this class to an unprecedented level of power in Mexico largely because this party is even more committed to the interests of the TCC than was the PRI (Roman & Arregui, 2002, pp. 232-235; Vadi, p. 131, 137-138).

To demonstrate the transnational nature of this bloc, it is worthwhile noting that it was also the largest of American businesses - many of whom were organized in such interest groups as the Business Roundtable and later as the US-NAFTA Coalition – that offered the most support for America's signing on to NAFTA. Leading American economists also made their support for the Agreement public. Similarly, in Canada, the Business Council on National Issues (BCNI) – representing the interests of the world's most powerful transnational corporations (TNCs) – along with leading Canadian economists and think tanks, exercised the most influence in pushing forth both the Free Trade Agreement (NAFTA's 1989 predecessor) and NAFTA (O'Brien, pp. 705, 711, 714; Levy & Bruhn p. 257; Tatalovich & Sanchez, pp. 12-13; Merrett, 1996, pp. 32, 34, 38-39; Macdonald, 2002, p. 202). During the NAFTA negotiations, the interests of the private sectors and economists were fully represented by the US and Canadian governments, both of which organised bodies for such consultation (Maryse, p. 37). Similarly, Mexico's TNCs were fully represented by the Mexican government in trade negotiations with the US and Canada, particularly through the Co-Ordinator of Foreign Trade Business Organizations (Maryse, p. 37; Thacker, 1999, pp. 3-4, 7-9). Non-elites were virtually excluded from the negotiations (Macdonald, p. 203).

The TCC pushed for NAFTA because it would provide it with both investment security through a locking-in and deepening of neoliberal reforms and increased capital mobility, something that is central to increasing profitability

(O'Brien, pp. 721, 722-723; Levy & Bruhn, p. 251; Merret, p. 28; Poitras, 2001, p. 114; Roman & Arregui, 2002, p. 222; Soederberg, 2001b, p. 77). The Agreement would also provide the corporations of Canada and the US with a cheap source of labour in Mexico, something that, during the 1970s, they realized would be required for them to remain globally competitive (Tatalovich & Sanchez, p. 5). One of the most important guarantees of NAFTA for capital's security was its investor-state clause that enables corporations to sue states if they encroach on their profitability (Hansen-Kuhn, Anderson, & Foster, 2003, p. 117; Colgan, 2005, p. 110). The Mexican government was pushed into entering the Agreement because it was now playing the global game of attracting foreign investment by reforming its economy in ways preferred by investors. The government was dependent on investment for growth and development in order to repay its foreign debts (Maryse, p. 27; Poitras, p. 113; Mayer, p. 91; Soederberg, 2001b, p. 66). In this light, it was likewise the drive to secure investor confidence that was one of the ultimate factors that pushed Canada to bargain for the development of a trilateral trade agreement in North America in 1990, an agreement that neither Mexico nor the US were pushing for at the time. The US was far more interested in separate bilateral agreements with each of its neighbours (Maryse, p. 33-34).

These were classic instances of what Gill and others have termed the 'structural power' of transnational capital (Gill & Law, 2003; Held, McGrew, Goldblatt, & Perraton, 1999, pp. 276, 281-282). Gill's term 'new constitutionalism' can also be used to describe the locking-in tendencies of trade agreements and the disciplinary powers that they have over domestic law (Gill, 2003b, pp. 131-135; Poitras, p. 119; Amnesty International, 2000, p. 188; Ohmane, pp. 207-208). A perfect example of this was in the years before the Agreement came into effect: its approach had the consequence of the 1993 revision of Mexico's Foreign Investment Law (FIL), a law that had been put in place in 1973 to limit US foreign direct investment (FDI) in the country (Maryse, p. 23). The reform of this law would enable the majority of the economy to become controlled by foreign capital (O'Brien, p. 709; Levy & Bruhn, p. 252). Before moving on, it also is important to briefly mention that the WTO, a body created in 1995, also has new constitutionalist powers and these powers are globally enforced through international law (Soros, 2002, pp. 34-35, 50; McMichael, p. 283; Chossudovsky, p. 35).

This brings us to the conception of the historic bloc, a term used by Gramsci to describe a situation "in which...material forces are the content and ideologies are the form" (Gramsci, p. 377). There are three principal components of this bloc, the first and most important is the TCC, which consists of holders of mobile financial capital and those who manage large-scale, globally-oriented productive capital. Secondly, there are the globalising elites, constituted by those intellectuals in the burgeoning neoliberal epistemic community, or 'organic intellectuals'; international bankers; politicians; bureaucrats; journalists and heads of international organisations. Lastly, the bloc also includes the more subaltern members of the social forces that push for neoliberalism (Baran & Sweezy, 1968, pp. 30-44; McMichael, p. 279; Gill, 2003c, p. 169; Gill, 2003d, p. 65; Gill 2003g, pp. 59-60; Gill & Law, pp. 97, 107; Gill, 2003h, p. 86; O'Brien, p. 712; Merrett, p. 42). The US is at the apex of this bloc because much of its foreign policy is directed to bringing other states to accept the neoliberal ideology and have it form the basis of their policy formulation (Brown, 2003, pp. 9-12; Poitras, p. 58); in terms of material force, the US is willing to use arms against those states and other players who resist neoliberal globalisation (Gill, 2003e, pp. 196-197; Gill, 2003c, p. 173). US power in the propagation of neoliberal reform is evidenced by the fact that, even though the Mexican government wanted a free trade pact, the Agreement was made on American terms. In fact, American frustration over the lack of progress in the Uruguay Round trade talks of the late 1980s and early 1990s to end nontariff barriers and agricultural subsidies drove it to instead conduct globalisation on its own terms within North America (Gilpin, pp. 341-342; Poitras, p. 61). To further suit its interests in NAFTA, the US limited Japanese and German investment in Mexico because it feared the competition of those countries in the automotive sector. This has served to limit the amount of FDI that Mexico will receive, investment that, as noted above, it depends on for growth (Levy & Bruhn, pp. 250-251, 255). Moreover, the US has limited the ability of Mexico to freely export its most competitive domestic goods to its markets (Levy & Bruhn, p. 250). These facts considered, it could be said that the US is possibly one of the only remaining states that has the actual ability to resist the power of the transnational historic bloc over governments; after all, in North

America, it alone has the power to pass laws that override NAFTA's neoliberal treaty provisions (Gill, 2003b, pp. 131-135; Gill, 2003c, p. 173).

The instances of governmental alliance with transnational capital that we have discussed demonstrate the passing of the semi-autonomy of the state from business interests that characterised politics in the modern era (an era that has passed) (Macdonald, p. 202). Althusser & Balibar interpreted Marx's statement in *The Communist Manifesto* that, "The executive of the modern state is but a committee for managing the affairs of the *whole* bourgeoisie [italics inserted]" (Marx & Engels, 1959, p. 9) as meaning that the state generally acts to ensure that capitalist social relations are perpetuated into the future, because that is something that would be in the interest of the whole class. The state would not represent the interests of particular elements of the capitalist class because those elements do not really have a direct channel through which to exercise their will on the government. Thus, these neo-Marxists argued that the state would never demonstrate its capitalist character until the 'last instance', when it would have to act to ensure the survival of capitalism. The state would act as such largely so as to guarantee its own survival; after all, the existence of the modern state is based upon securing the perpetuation of the capitalist economy (Carnoy, pp. 112, 121; Soederberg, 2001b, pp. 61-64). In Mexico, governmental support of the whole capitalist class was evidenced by the PRI's fostering a favourable business climate, while, even in the face of protest from capital, still offering many benefits to the working class. It did this largely because without such concessions to the subaltern, capitalist accumulation could have become threatened by social unrest (Patroni, pp. 5-6; Paz, 1985d, p. 280). However, the existence of such a state has now passed because the state has come to represent the interests of transnational capital over that of nationally-centred capital (Gill, 2003c, p. 168; Vadi, p. 131; Rochlin, 2002, p. 180). In many ways then, Poulantzas was correct to note that one fraction of the bourgeoisie can gain a position of dominance over another fraction of that class by gaining control of the state apparatus (Carnoy, pp. 123-124).

However, the power of the state can never securely rest solely on the interests of an elite; for hegemony to be more fulfilled, it must also have the consent of the subaltern. The burgeoning historic bloc had immense power during the 1980s, but in Mexico this power remained insufficient. The hegemonic base of the PRI continued to dwindle at an incredible rate, largely due to the mass misery caused by neoliberal adjustment (the topic of the next section) (Rochlin, 2002, p. 181). To quell opposition to neoliberal reforms, in 1988 the party took measures in an attempt to broaden its social base as much as possible and to strive to foster consent to the neoliberal ideology. The PRI was really attempting to increase the size of the neoliberal transnational historic bloc by increasing its presence within Mexico itself. It did so, not only because this would increase the party's strength internally, but also because it would win the favour of powerful foreign states who aim for neoliberalism to be securely established globally. The PRI did this through a form of neo-corporatism which would partially take the place of the previous corporatist and clientelist networks through which the PRI had once secured its hegemony (Portes, 1997, pp. 236-237; Roman & Arregui, 2001, pp. 56-57). Of course, clientelism and corporatism still exist to a degree because they ensure governmental dominance of the unions and also because national corporatist unions still exist in the governmental services sector (Patroni, p. 11; Roman & Arregui, 2002, pp. 239-240; Roman & Arregui, 2001, pp. 57, 59; Vadi, p. 139).

The strategy of neo-corporatism was initiated to create a degree of social inclusion, but in reality its goal was both to coopt the language of and to divide and conquer the left so as to neutralise opposition (Mortin, pp. 643-644). It certainly did not aim to create a large middle class because it did away with once existing social programmes (Sheehan, 1998; Szekely, 2001, p. 247). Certainly, Salinas did install PRONASOL to aid the disadvantaged, but in reality this programme did not aid many of the poor and merely served as a cosmetic change so as to increase support for the PRI. The programme certainly did not help those in rural areas, even though almost fifty percent of the rural population had fallen below the poverty line by the end of the 1980s. With the virtual termination of governmental social development in the countryside and an appreciating exchange rate, agricultural workers faced a dramatic reduction in income because agricultural output and adequate earnings were dependent on governmental aid and a lower exchange rate (Kelly, pp. 91-96; Pastor & Wise, pp. 67-70; Soederberg 2001a, pp. 115-116). Since the Zedillo administration came to power, a second social welfare policy has been installed. The PROGRESA initiative aims to improve human capital in the South through food subsidies, medical efforts, and educational improvements. However, the programme has inadequate funding and is really too little, too late. What is more, the Bank also thinks that the programme is not cost-effective enough, and it could therefore be compromised through future reforms (Wodon, 2001, p. 589; Scott, 2004, pp. 322-323, 328, 332; Vadi, p. 134; Wodon & Lopez-Acevedo, p. 589).

The dilemma in which the PRI found itself can provide an important lesson for political strategy, especially for those who aim to provide solutions to social crisis. What many thinkers have misinterpreted regarding political strategy is that the classical theorists emphasised the gaining of consent as the most important of strategic endeavours. For instance, Machiavelli emphasised that the ruled must be given grounds to expect human security (Machiavelli, 1970, pp. 155, 188, 222)...he did not prescribe for the material security of individuals to be at stake indefinitely (Machiavelli, 1970, pp. 303, 460). Similarly, consider the words of Sun Tzu II: "True leaders are not those who force others to follow them, but those who are able to harmonize the wills of others and unify the overall direction of their energies" (Tzu II, 1996, p. 100). Similar lessons regarding the importance of fostering consent can be gained from Sun Tzu I (Tzu I, 1988, p. 43). As the next section will demonstrate, since the advent of neoliberalism, material security has been lacking for the bulk of the population for more than two decades, and this is why the multitude does not consent to their neoliberal

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leadership. It is particularly interesting that it was really beginning with the debt crisis and the advent of neoliberalism that the Mexican people began to view the government as being out of touch with their interests (Gawronski, pp. 386-387). We must take note of these lessons if we are to understand how it is that hegemony could return to Mexico, where it remains in constant crisis (Roman & Arregui, 2002, pp. 228, 239; Soederberg, 2001a, p. 112).

The Problematic of Neoliberalism

Why has neoliberalism caused sufficient discontent to bring the previous hegemonic historic bloc into crisis, driving the PRI to become part of a new one? The truth is that it is a flawed ideology, ridden with contradictions. As we have seen already, Bank economists claim that neoliberalism has a trickle down effect, whereby the growth that it brings to the periphery can provide enough jobs for the poor to work themselves beyond poverty (Adams, p. 20; Ranney, 2003, p. 65). Wade (2004) and Chossudovsky (1999) have challenged the empirical bases of Bank analyses by pointing to their strategic use of both short-term reporting periods from household surveys and high poverty lines in order to reduce the number of people in poverty by over 50% (Wade, p. 6; Chossudovsky, p. 43). What is more, the fact that these neoliberal economists tend to use Chinese statistics to bolster their claim that in the neoliberal era poverty has fallen in low- and middle-income countries in just as many intervals as it has increased is also problematic (Adams, p. 21). After all, the way that poverty has been surveyed within China's borders is highly suspect (Hunter, p. 7).

The stark reality of neoliberalism is that it has brought only moderate growth to Mexico, and this has *not* reduced but has rather increased poverty (Pastor & Wise, p. 42; Ayres & Clark, p. 11; Scott, 2004, pp. 313, 314; Patroni, p. 1; Vadi, p. 131; Chossudovsky, p. 69). During the 1980s, real wages fell by 45%, per capita GDP fell 12%, and these figures continued to fall at a similar rate in the 1990s, while only the situation of the dominant classes improved. By the early 2000s, the vast majority of workers had fallen below the poverty line, an increase from the 49% recorded in 1981.[3] These consequences are partly due to a reduction in the effectiveness of labour protection, a result of neoliberal reform in the 1980s and 1990s. Effective unionisation has ended because, firstly, foreign producers working in the country threatened to move their capital elsewhere if they could not circumvent labour laws...yet another example of the structural power of transnational capital; and, secondly, subcontracting, the privatisation and contraction of the public sector, have had an immense impact on the reduction in union power. After all, the prospective buyers of state enterprises insisted that their labour contracts be reformed prior to their purchase. In fact, it has become 'common sense' that unions now provide inadequate protection to workers. For example, the wages of unionised workers are now the near equivalent of the non-unionised (Gawronski, p. 385; Roman & Arregui, 2002,, pp. 221, 226; Roman & Arregui, 2001, pp. 56-59; Alarcon & McKinley, 1997, pp. 509, 512, 516, 518, 520; Macleod, pp. 90-91, 239; Portes, 1997, pp. 236-237; Gill & Law, p. 105; Mayer, pp. 75-76; Patroni, pp. 3, 10).

Further problems for labour stem from corporate streamlining measures that are used by capitals to improve their ability to compete with the influx of inexpensive foreign goods that comes with free trade. These measures, along with the contraction and privatisation of the public sector, have increased the unemployment rate. Such labour oversupply has the overall effect of industries becoming able to exploit the average labourer to the point of exhaustion, and to neither provide humane working conditions nor humane wages. After all, each worker can be readily replaced by another if (s)he suffers in the production process...the ultimate consequence has been the marketisation of the wage (Frobel, Heinrichs, & Kreye, 2000, pp. 261, 266, 270; Morales, 1999, pp. 5-6; Portes, 1997, p. 249; Pastor & Wise, pp. 54-55, 58, 61; Pastor & Wise, p. 58; Cypher, p. 20; Portes & Hoffman, 2003, p. 50; Alarcon & McKinley, 1997, p. 509; Vadi p. 133). In Mexico, in many ways, the prophecies of Marx have proven correct: "The average price of labour is the minimum wage, i.e., that quantum of the means of subsistence which is absolutely requisite to keep the labourer in bare existence as a labourer" (Marx & Engels, 1959, p. 22). It should come as no surprise that Article 123 of the Mexican constitution, the article that protects labour rights,[4] is now ineffective in the industrialised sections of Mexico (Roman & Arregui, 2002, p. 226; Roman & Arregui, 2001, pp. 56, 58; Mayer, pp. 75-76; Patroni, pp. 3, 10; Alarcon & McKinley, 1997, pp. 509, 512, 516).

Perhaps what is most frightening is that even those labourers who have received formal education of any form find themselves no better off, this being a particular problem for agricultural workers (Cortez, 2001, pp. 1918-1919; Roman & Arregui, 2001, p. 56). What is more, with the adoption of NAFTA in the 1990s, these records have not improved, largely because the labour side agreements of NAFTA such as the North American Agreement on Labour Cooperation (NAALC) do not have sufficient provisions for preventing an attack on labour (Tatalovich & Sanchez, p. 15; Bensusan, 2004, p. 128; Macdonald, p. 208; Petras, 1997, p. 187). For example, trade unions are excluded from the NAALC's negotiations, and the body does not protect collective labour rights. Furthermore, the complaints that unions do file with the body are insufficiently reviewed (Bensusan, pp. 127, 129, 131; Anderson, 2004, p. 2; Ranney, p. 68).

NAFTA was meant to increase the number of jobs available in Mexico, but its positive effects in the labour sector have remained minimal (Bensusan, pp. 124-126). The TNCs that have entered the country with NAFTA do not tend to create much employment, largely because of their use of labour-saving technologies (Pastor & Wise, pp. 52-54; dos Santos, p. 235; Hogenboom, p. 233; Cox, 1987, pp. 240, 382). The real unemployment rate in Mexico has not declined, and those jobs that are available are increasingly casualised and without benefits (Roman & Arregui, 2002, pp. 224, 224fn, 226-227; Roman & Arregui, 2001, p. 55; Cypher, p. 21; Soederberg, 2001a, p. 112; Pastor & Wise, p. 55). Job creation can also enter downturns when the US economy enters a recession largely because the recession will slow the growth of the Mexican economy seeing as the US is the principal destination of the country's exports. Furthermore, of the few jobs that have been created, many have tended to be exported to China in recent years. The jobs that are available in the *maquiladora* sector have weak union rights, pay less than half that of the rest of the manufacturing sector, and those who hold them face degrading work conditions. At times Mexicans even choose informal labour to employment in the formal sector because of the horrific conditions of the latter. Other workers will choose to emigrate. These facts go against neoliberal predictions: workers will not patiently await the dubious trickle down effects of neoliberal growth to improve their situation (Sargent & Matthews, p. 2016, 2019; Cooney, pp. 63-66; Bensusan, pp. 125-126; Anderson, p. 2; Roman & Arregui, 2002, pp. 222-223; Portes, 1997, pp. 240, 248-250, 253; Cypher, pp. 13-15; Pastor & Wise, p. 57; Hamilton, 2002, p. 17).

At the start of the new millennium, many Mexicans are worse off than they were in the early 1990s, and not only labour issues need be cited to illustrate this. Real wages have declined not only as a result of the causes cited above, but also because the restrictions on money supply limit real wages. The state of the multitude has also been compromised through the elimination of both consumption subsidies ('getting prices right') and government programmes on health and education that accompany austerity measures (McMichael, p. 282; Portes, 1997, p. 244; Vadi, p. 129; Richards, p. 8; Rochlin, 2002, pp. 181, 186-187; Chossudovsky, pp. 57-58, 61); since the early 1980s, relative social spending has declined dramatically (Poitras, pp. 120, 125; Pastor & Wise, p. 71). These are particularly problems for the indigenous population of the Mexican South, an area to which discussion will be partly focused in chapter III. In general, it can easily be stated that the policies implemented through loan conditionalities are forcing the poor to pay for the burden of debt; after all, the upper classes have been protected during restructuring because they have sent their capital abroad through capital flight (George, p. 211; Vadi, p. 133; Richards, pp. 3, 8; Gill, 2003e, p. 215; Macleod, p. 237).

Free market advocates will claim that markets tend towards equilibrium, producing balanced trade and full employment (Dunkley, 2004, p. 12; Soros, pp. 48, 50; Gilpin, p. 66). However, the case of Mexico challenges these assumptions and supports instead the findings of figures such as Streeten (2002) Rodrik (1999) and Chossudovsky (1999), who argue that neoliberal globalism increases inequity and social conflict within countries (Dunkley, p. 58; Rodrik, 1999, p. 14; Chossudovsky, p. 41). What are the consequences of these political attacks on the subaltern? The results of reduced employment and a reduction in real wage make it necessary for an increasing number of members of the average family to take on waged labour for survival. So as to secure their subsistence, there has also been an expansion of the portion of proletariat earning incomes through either criminal activity or other forms of informal employment, which have become the largest forms of occupation in the country (Chant, p. 209, 212; Portes & Hoffman, 2003, pp. 50, 53, 66-67; Pastor & Wise, pp. 46, 54, 59). Whereas, as mentioned earlier, those who are brave enough or who can afford to do so have emigrated in search of new opportunities (Portes & Hoffman, 2003, pp. 70-71; Pastor & Wise, pp. 67-68).

Addressing the Issue of Growth

Part of the reason that neoliberalism has not delivered is due to its having failed in bringing growth to Mexico; after all, as long as there is active redistribution, in many ways growth can help the lower classes (Thirlwall, 2002, p. 43). This is why we now consider the problematic of growth in the economy.

Both Weeks (2002) and Kiely (2002a) have published important articles in which the premises of dependency theory are challenged. They both claim that the main reason there is divergent development between core and periphery is because the lack of advanced capitalist social relations in the latter acts as a barrier to investment (Weeks, p. 27; Kiely, 2002a, pp. 98-100). After all, as mentioned in the Introduction, advanced capitalist social relations attract investment because they spur technological advancement (Castells, 2000, p. 94; dos Santos, pp. 232-234; Li & Liu, p. 18). These thinkers do not completely separate themselves from dependency theory because it is still evident in their discourses that peripheral states depend upon foreign capital and technology to develop. For this reason, we must enquire as to how Mexico can attract more investment and technological transfers (Cooney, p. 76; Cypher, p. 18; Tures, 1998, pp. 286-287; Gilpin, pp. 142-143; Chase-Dunn, 1975, p. 735).

Neoliberal thinkers failed to factor in the technological capabilities of firms in relation to a country's low levels of education when they projected that the FDI flows spawned through market liberalisation would bring growth to Latin America (Gilpin, pp. 62-63, 206-208; Paus, pp. 2, 11; Scott, 2004, p. 307). This is likely because of their commitment to neoclassical growth theory, which assumes that all countries have equal technological capabilities because technology will diffuse from North to South. Their conviction is that FDI – which includes capital stock, know-how, and technology - can by itself increase a country's technological know-how and capacity via spillovers and other means, ultimately increasing labour productivity, export growth, and thus economic growth (Li & Liu, 2005, pp. 2-3; Paus, pp. 3-4, 6; Gilpin, pp. 62, 110-117, 138-139, 206, 306n; Heath, pp. 187-189; Cypher, p. 20; Garrett, p. 4). Yet, even though the economies of Latin America are open to FDI, growth as measured in terms of GDP/capita is lower than in other parts of the world, the Middle East and Africa excluded (Paus, p. 3; Adams, p. 3).

Mexico can be examined as a case study of this problem, and, in turn, this study will look beyond the orthodoxies in growth theory for an explanation. In Mexico, domestic access to advanced technologies is limited (Paus, p. 4). As far as practical solutions to this problem are concerned, indigenous firms must have access to advanced technologies so as to be able to effectively capture part of/compete in the world market (Cypher, p. 19; Cox, 1987, pp. 304). It must be realised that trade liberalisation and inflows of FDI will not lead to increased productivity if domestic technological capabilities are not sufficiently developed to make use of new technologies. In turn, as we have seen, technological development is another means to increase inflows of FDI that ultimately contribute to growth (Sachs & Larraine, 1993, p. 571; Paus, pp. 3, 5, 18; Li & Liu, p. 18). This is a problem in Mexico, where there has been little technological diffusion between TNCs and Mexican capital. This is the status quo, even though NAFTA was meant to increase the links between TNCs and Mexican capital, initially through supply networks, which would have spillover effects and thus increase domestic technological capabilities. The frightening result of neoliberalism is that two-thirds of Mexico's exports are now produced in foreign-owned TNCs, where most FDI flows and where most of the economy's growth now occurs. However, these TNCs are not linked to the Mexican economy in any extensive way that would generate growth. In fact, those few firms that have acted as suppliers for the TNCs have been made captive as 'partners', and have not benefited from spillover effects. In this light, improvements must be made in education (which remains of very poor quality) and research, since an improvement in the human capital base of Mexican industry would encourage TNCs to make lasting arrangements with domestically-owned firms. Governmental involvement, through credit provisions and technological development, is also needed with the consolidation of links between local firms that supply inputs and the TNCs. This is particularly a problem in the textiles industry, where a lack of such involvement has encouraged firms to engage in production in Asia instead, where local supply systems are more developed. A primary spin-off of the diffusion that such developments would provide in Mexico would be a turn to higher value-added production and therefore help overcome problems of unequal exchange that might exist. Moreover, in many studies, advancements in education provisions have been found to have a greater impact on reducing inequality than do any of the other forms of redistribution (Li & Liu, 2005, pp. 3-4, 18; Gindling, 2005, pp. 209, 210, 211, 221; Soederberg, 2001a, p. 112; Alarcon & McKinley, 1992, pp. 84, 86; Ayres & Clark, p. 11; Paus, pp. 11, 15-16, 18-19; Scott, 2004, pp. 307, 315; Cypher, pp. 13, 18, 23-25, 27; Hogenboom, p. 221; Roman & Arregui, 2002, p. 222; Rudra, 2004, pp. 693, 701; Kiely, 2002a, 99; Gilpin, pp. 142-143; Held et al., p. 280; Garrett 2004; Baer, p. 7; Ramierz, p. 14; Bair & Peters, 2005; Pastor & Wise, p. 72).

The government must also invest in local research and development (R&D) so as to develop indigenous technology (Sargent & Matthews, p. 2027; Ayres & Clark, p. 11; Cox, 1987, p. 304). Without access to the most advanced technologies, Mexican firms are driven to terminate the employment of their personnel in order to compete in the world market, while the less fortunate are driven out of business altogether (Paus, pp. 5-6; Roman & Arregui, 2002, p. 221). In this sense, the fears of smaller and medium-sized firms have come true - they were very wary of the prospects of the opening of markets (Maryse, p. 37; Thacker, pp. 3-4, 7-9). Not only do these factors limit the advancement of capitalist social relations in Mexico, but also so does the limited availability of advanced technology, which is itself a form of capital, and therefore is central to the consolidation of the most advanced forms of capitalism (Ayres & Clark, p. 12; Heath, p. 187). The consequence of these problems is that, in accordance with the theory Weeks and Kiely, FDI transfers from the global North are limited (Kiely, 2002a, pp. 98-99).

Clearly the key to creating more jobs is through expanding local industry via technological transfers. Apart from the strategies previously mentioned, the traditional conception of manufacturing in Mexico will have to be challenged, in order for this to be accomplished. Prior to the advent of NAFTA, the lack of a strong trade agreement between Mexico and the US meant that Mexican inputs used by American firms would generate duties whenever they crossed the border. Furthermore, nationally-owned firms currently have to bear the cost of installing production networks associated with foreign capital, which acts as a deterrent to subcontracting. What is more, there is a lack of effective transport infrastructure connecting geographically separate parts of the economy to those areas in which growth is occurring, and these transport systems will need to be developed in order for subcontracting with Mexican industry to occur. The overall result is that there is no real tradition of subcontracting, and so a meagre 2% of the materials consumed by foreign-owned firms come from local industry. This norm acts as a deterrent to any alteration. Moreover, industrial inputs can now be also imported duty-free from NAFTA countries. Evidently, there are many problems relating to the issue of industrial inputs that still need to be addressed (Hallberg & Plaza, p.

268; Gindling, p. 219; Molnar & Carrasco, p. 551; Sargent & Matthews, p. 2018; Hogenboom, p. 222; Perez & Buitelaar, 2000, pp. 1636-1367; O'Brien, p. 709; Anderson, p. 2; Scott, 2004, p. 307; Cooney, p. 60).

When analyzing productivity and growth in Mexico, we must also understand that not only FDI must be explored, but also debt servicing and speculative investment. Much of the country's foreign exchange derived from manufacturing is channelled abroad as debt payment; the level of such transfers has increased dramatically since the debt crisis, largely because government policy is now driven by the neoliberal historic bloc that has power in both the IMF and foreign banks – the bodies to which Mexico is indebted. This partly explains why less GDP has been directed towards the goals of growth, increasing wages, and assigning the needed amount of funds to PROGRESA (Lustig, p. 210; George, pp. 208-209; Alarcon & McKinley, 1992, p. 78; Cooney, p. 69; Cypher, p. 21; Hopenhayn, p. 86; Chossudovsky, p. 51; Chase-Dunn, p. 735). In terms of the issue of speculative investment, prior to the Mexican peso crisis of 1994, this was the dominant form of investment (80%) (Onis & Aysan, p. 7; Thacker, p. 10; Cameron & Aggarwal, 1996, p. 976; Poitras, p. 123; Roman & Arregui, 2002, p. 222). Speculative investment entered Mexico party because the government increased interest rates to attract inflows of foreign currency, and this is problematic because such investment has little impact on real productive growth. In other words, international finance has developed a degree of autonomy from industrial accumulation. What is more, along with market liberalisation and privatisation schemes, speculative investment can lead to an overvalued currency, which reduces the competitiveness of Mexican exports (Strange, 1998, p. 16; Mooers, 2001, p. 66; Portes, 1997, p. 239; Soederberg, 2001b, pp. 68, 75; Onis & Aysan, pp. 9-10; Thacker, pp. 11-12; Richards, pp. 6-7; Soederberg, 2001a, pp. 110, 113; Spanakos & McQuerry, 2004, pp. 269, 271; Cypher, pp. 19-20; Onis & Aysan, pp. 10-11). In addition to the problems of growth associated with speculative investment, there is one issue that is of greater consequence. In the early 1990s, speculative investment led to an overvaluation of the peso, which, when combined with additional problems caused by the advent of neoliberalism – such as the rise of the National Zapatista Army of Liberation (EZLN) – caused investors to panic, and a run on the peso ensued (Thacker, p. 12; Onis & Aysan, pp. 7, 10; Cypher, p. 19).

The devaluation of the peso that followed the crisis had a profoundly negative impact on Mexico's population. It led to reduced growth, mass unemployment, a reduction in wages of most labourers and to a marked increase in poverty (McKenzie, 2003, pp. 1189, 1191; Cameron & Aggarwal, p. 976; Poitras, p. 123; Scott, 2004, p. 314; Vadi, p. 138; Cooney, pp. 55, 58-59). In the aftermath of the crisis, to cope with their situation, many families either resorted to an expansion in the number of family members engaging in waged labour in either the formal or informal sectors or else sent a family member abroad to earn a wage so as to send remittances home (Hamilton, p. 14, 16-17; McKenzie, pp. 1191, 1197; Cooney, p. 58). What is more, the PRI's particular handling of the peso crisis led to an absolute alienation of the meagre support that it continued to derive from sections of the middle class, small and medium-size firms, the peasants and the urban poor (Thacker, pp. 13-14).

These consequences spurred further problems for those employed in smaller firms. These enterprises suffered because they were not export-oriented and therefore relied on domestic market sales. Yet, demand in this market declined as the crisis led to consumer demand due to reduced earnings. These firms had little chance to begin to export as an alternate strategy because they did not have access to the most advanced of technology. It was only the TNCs that benefited from the devaluation that followed the peso crisis because it reduced labour costs and thus increased their competitiveness (Cooney, p. 63; Chossudovsky, p. 77; Lustig, p. 151).

These points should caution those governments and economists who continue to accept speculative investment as an unproblematic pillar of the global economy. Those who push for liberal capital flows often claim that unregulated trade and investment is a basic characteristic of neoclassical economics. It is very rare for a mainstream economist to refer to the problems associated with liberal capital movements, with notable exceptions coming from the work of Bhagwati (2004, p. 443) and Krugman (Dunkley, p. 5). Friedman (2003), in "The Case For Flexible Exchange Rates," even went so far as to claim that speculation has a stabilising influence on economies (pp. 243-244). Neoliberals will even refer to the work of Adam Smith in a deified manner, portraying his words regarding unregulated investment as beyond question. However, what these economists failed to realise is that Smith never did espouse the free movement of capital across borders that characterises the speculative investment of today (Dunkley, p. 3).

Of course, there are ways to increase productive investment and to limit speculative investment, one of them being through the improvement of the Mexican justice system (Naim, pp. 8-9; Bear, pp. 3-4). Other solutions will be discussed below. Achieving these goals must be considered of prime import because levels of speculative investment in the country remain high (Cameron & Aggarwal, p. 985).

This chapter has primarily engaged in a discussion of the material dimensions of development and hegemony. It has explored the economic factors that have contributed to the insecurity of the bulk of Mexico's population in the neoliberal era. What we have not yet discussed in the ontological and cultural dimensions of development in the country, something that will be the focus of the next chapter.

Chapter III

Linking Development, Hegemony, Culture, and Ontology

This chapter aims to explore the ontological and cultural reasons why neoliberalism cannot be hegemonic in the Mexican setting. The reasons lie in its contradicting the myths associated with the Mexican revolution. Mexicans consent to a redistributive nationalist project of development, and it is this programme that must be reinstalled in order for hegemony to return to the country. In order for this to occur, theorists who challenge such a development programme by claiming that it is a form of Western colonialism must be challenged, along with those who query 'development' altogether. Finally, we must engage in a theoretical discussion as to how the Mexican Other could ever come to the point of installing her own development programme, since it is this agent alone that can return hegemony to the country.

Being materially secure is not the only dimension of hegemony. One might ask, during the era of PRI hegemony, why did those who did not accrue the benefits of the programme consent to their leadership? One answer we have provided already is the PRI's use of both myths and propaganda; however, to understand its propaganda machine, we have to understand the cultural aspects of Mexico that the PRI exploited in its political tactics. There were specific cultural factors that existed within Mexico that resulted in the revolution of 1910, and the post-revolutionary government secured its power partly by appealing to the myths and nationalist sentiments that were the product of the revolution (Soederberg, 2001b, p. 64; Rochlin, 2002, p. 178; Gawronski, pp. 366-367). With the advent of neoliberalism, it has been difficult for leaders to foster such nationalist mythology because in many ways neoliberal globalism contradicts nationalism. To explore this issue will require an in-depth exploration of Mexico's cultural history.

Modernisation theorists have always assumed that the global South wants to become as is the North. They believe that with certain exposure to Western principles (such as education, secularism, industrialisation, etc.) Southern peoples will learn of the benefits of the West, and act so as to become so (the topic of modernisation will be explored in-depth in the following section). However, over the course of global development, such theories have not held true in many ways (Brohman, 1995, p. 129), and they certainly have not applied to Mexico. This is largely due to the resentment that Mexicans have developed towards the West and its ideals ever since their first post-Conquest encounters. To tell such a story of Mexican history will serve as a genealogy in the Foucauldian sense of the term because it will disturb a dominant discourse of history. In this case, the dominant discourse is the narrative that people have desired Western affiliation, particularly in the twentieth century (Colwell, 1997, pp. 1-2, 8). The purpose of exploring Mexican history is to not only provide information on the cultural dimension of hegemony, but also to explore grounds for alternate modernities that could possibly arise within the country, the topic of the next section.

This section draws its conclusions from a close reading of the classics of Mexican literature and sociology, notably the various selections collected in Octavio Paz's *The Labyrinth of Solitude & Other Writings* and Carlos Fuentes' *The Old Gringo*. Paz's work will be used as the sociological backdrop for Mexican politics, while *The Old Gringo* will be referred to in order to defend the classic analysis of Paz.

The Old Gringo is the story of two Americans, an old man and a young woman named Harriet who enters Mexico during the revolution. The former travels to the country in search of death, while the latter travels there to work as a teacher. They come into contact with various characters involved in the revolution. It is through dialogue and perspective of characters that Fuentes conveys a textured story of Mexico, and through this he really enables the readership of the global North to confront the Mexican Other on her own terms (Kaarsholm, 1990, p. 46). For instance, Fuentes makes reference to the 'common sense' perspective of people from the North, and does so through direct reference to the *San Francisco Chronicle* and indirectly through Harriet's internal dialogue. Firstly, it is worthwhile to note the perspective of one of the novel's revolutionaries, who claims that the West is happy to do away with its traditions (Fuentes, p. 128). Perhaps the discourse of countries wanting to become Westernized is solely a Western discourse, something that took form in the West largely because it is only Westerners that happily break with their traditions. Postcolonial and subaltern studies draw attention to the ways in which Western theories have not taken time to understand the perspectives of the Other. Yet, ever since Mexico encountered Western ideas, it has resisted them in many ways, in ways that have often been frightening and explosive (Paz, 1985c, p. 33).

Although the Mexican might appear to have adopted many Western cultural norms, this is only true at a superficial level – beneath the Western "mask" that the Mexican wears thrive ancient traditions that are mixed with Christianity to form a syncretism of elements of both Western and pre-Cortesian traditions of the self (DePalma, 2001, p. 276; Burbach, 1994, p. 3; Paz, 1985c, pp. 29, 87, 89; Paz, 1985b, p. 345). Fuentes conveys these truths through the perspective of the old man, who describes himself and Harriet as being "transparent", compared to the revolutionary, General Arroyo, whom he describes as being "hidden behind a raccoon mask" (Fuentes, pp. 35-36). What survives behind the mask of the Mexican is the fact that she would find it ridiculous to see life as being based upon work and moral purity. Instead, she wants to affirm the joys of life in any way possible (Paz, 1985c, p. 24-25). These facts challenge the Northern opinion of Harriet, who came to the country convinced that with some basic education in Western values, the chaos of Mexico would come to an end (Fuentes, p. 41). The views of the *San Francisco Chronicle* are cited, which consider it to be the purpose of the West to intervene in the South to both civilise and bring 'progress' to its people. After spending more time in Mexico, Harriet begins to realise that it is not up to the West to bring the South 'development', and she comes to believe that the South should discover its own progressive path through history (Fuentes, pp. 20, 109, 186-187). She realises that Mexico is chaotic because that is simply the way the country is, something that she considers to not be a bad thing but rather simply something that needs to be respected for its difference (Fuentes, pp. 106, 111).

Why is there chaos in Mexican development? In part, the answer lies in the ways that it has been betrayed over the course of history, but also in part due to its colonial legacies. In many ways, Mexicans are a people submerged under the dominance of the Western colonial moment. The first instance of this was with the Spanish Conquest, during which an effort was made to forcefully eliminate all indigenous cultural traditions in the land and have them replaced with the religion of the Spanish Counter-Reformation and Spanish traditions (DePalma, p. 277; Paz, 1985c, p. 100; Paz, 1985b, p. 346). To a degree, the Spanish imperialists had success, since the people possessed a particular understanding of the arrival of the Spaniards. The Aztecs had a cyclical view of history, and thus viewed the arrival of the Europeans as the termination of one historical period, within this time frame the old Gods would depart and be replaced with the new (Paz, 1985c, pp. 94-102; Paz, 1985d, pp. 310-312). They therefore adopted Catholicism as a new epistemological orientation which would provide a new divine power in their lives (Paz, 1985c, p. 102). However, certain traditions habituated within Aztec society, and it was these which became brutally repressed by the Spaniards and the Roman Catholic Church (Purnell, 2006, pp. 3-4; Paz, 1985c, pp. 70-71, 73, 105; Paz, 1985d, p. 300). As we will see, much like the actions of theorists and practitioners of development in the post-WWII era, the Europeans saw it as their duty to eliminate many of the primitive aspects of the indigenous so as to make them more civilised (Purnell, 2000; Nustad, 2001, p. 481). However, even in the face of such repression, Aztec traditions have persisted, and the Mexican really only adopted Catholicism as an epistemological façade that sheltered the syncretism below the surface (Paz, 1985c, p. 107; Paz, 1985d, p. 308). This is something that is particularly revealed in the fiestas of Mexico.

The fiesta is a necessary part of Mexican culture because it is the only way for the true self of the Mexican to be revealed, in all other cases the Mexican is afraid to confront herself. In the fiesta, anything is permitted, and good and evil become meaningless (Paz, 1985c, pp. 49, 51, 54, 86-87). In these fiery celebrations, the Mexican becomes someone beyond good and evil because she is inexorably intertwined with the Aztec cultural traditions that are so integral to the event. Such cultural traditions have said that the individual is not responsible for his actions and that life has no intrinsic purpose, which is why moral considerations have not ruled the actions of the Mexican (Paz, 1985c, pp. 55, 58, 63). Of course, the common Western reader would condemn this ontology, yet we must always remember that although Western ethics pretend to be of absolute justice, the horrors committed by our hands have been far greater than those of the

Mexicans or of any other known non-Western people (Fuentes, p. 111; Paz, 1985c, pp. 57-60). Given such consideration, it should come as no surprise that the Mexican discourse on Catholicism is radically different than that of the Catholic with whom we are familiar. Consider, for instance, how Fuentes' atheistic (Fuentes, pp. 68, 75) old man cynically describes Northern religions as being:

> … altarless religions...where Jesus the Redeemer live[s] forever liberated from the flesh, from image, from painting, an ineffable spirit borne on the altars of music: a true God who, unlike the Mexican Christ, could never bleed, eat, fornicate, or evacuate (Fuentes, p. 107).

Following the Revolution of Independence, there was a second encroachment on both the mind and freedom of the Mexican. It took the form of the Reform movement of modern liberalism, imposed by a small minority of native Mexicans (Paz, 1985c, p. 127). Its emphasis placed on positivist epistemology, secularism, freedoms, and rights contradicted the survival of traditional Mexico, and the local understandings of the people (Paz, 1985c, pp. 128, 130-132, 133). Not long after this movement had commenced, Porfirio Diaz assumed power. His dedication to laissez-faire economics resulted in the opening of the economy to foreign imperialism. Despite his bourgeois ideological commitments, the class whose interests he represented was that of the great landholders. Consequently, the peasants lived like serfs, confined to the hacienda. The peasants were forced into this situation due to debt burdens or because of the encroachment of the estates onto their lands (Millon, 1999, p. 23-24; Rochlin, 2002, pp. 174; LS 130-132; Fuentes, p. 135, 170; Fuentes, p. 135). This situation was not all that different from the Spanish colonial era, but was radically different from the era prior to the entry of the Spanish, when land was commonly held in communal terms. Although the Law of the Indies was put in place to respect such a traditional way of holding lands, it was not respected by the Spanish. Peasants faced expulsion, which drove the indigenous to take part in the wars of Independence of the nineteenth century (Rugeley, p. 11; Paz, 1985c, pp. 30-31, 141-142). Faced with these many encroachments on their livelihood, the indigenous yearned for a return to their past, to the pre-Cortesian era (Paz, 1985c, p. 144).

The Mexican revolution of 1910 was a dramatic explosion of the Mexican people. It represented their drastic search for a model of development and of governance that would not contradict the Mexican self (Paz, 1985c, pp. 134-135). Thus, consider the words of a revolutionary addressing Harriet in Fuentes' work: "We can govern ourselves, I assure you senorita. We are tired of being ruled by the caciques, the Church, and the strutting aristocrats we've always had here" (Fuentes, p. 64). In many ways, the revolution was much like the fiesta, it was a chance for the repressed Mexican to release her true self. It should therefore come as no surprise that revolutionary behaviour has always been a central aspect of Mexican political culture (Fuentes, pp. 128, 163).

However, the revolution was not purely cultural in character. After all, the Diaz regime was undermined due to protests of the workers against their horrific labour conditions (Rochlin, 2002, p. 174; Paz, 1985c, pp. 138-139). There was also peasant support for the revolution: during the 1910s, Emiliano Zapata led movements against successive conservative governments, hoping to garner the right to lands for the indigenous (Millon, 1999; Fuentes, p. 135).

Because the goal of return to a romanticised past was not practical, the only strategy that seemed feasible was to renew the liberal model and to alter it in certain ways. The political project became that of modernisation, albeit a modernisation that combined basic tenets of this force (industrialisation, capitalism, democratisation) with a hope of keeping foreign influence out of the country so as to preserve a traditional Mexican culture and to repel the destructive forces of imperialism (Paz, 1985c, pp. 145-146, 175-176). In the post-revolutionary era, the government attempted to reconcile traditional Mexico with the modern world; for instance, many schools adopted a secular agenda (Purnell, p. 7). However, this goal has proven to be extremely difficult, and has only resulted in a painful compromise between Western modernity and Mexican tradition (Paz, 1985c, pp. 156, 168).

The Mexican revolution left an imprint on the consciousness of the Mexican people which was far more profound that the impact of other revolutions on other peoples in the Americas; therefore, it became paramount for the PRI to exploit the revolution in its propaganda (Gawronski, p. 378). In fact, one of the primary ways in which the PRI maintained its hegemony was through the fostering of socialist and nationalist rhetoric associated with the revolution (Tatalovich & Sanchez, p. 18; Hilbert, pp. 120, 122, 124; Gawronski, pp. 366, 368, 391; Scott, 2004, p. 316). The government therefore limited foreign influence in the country, something which had been responsible for the suppression of indigenous conceptions of Mexican identity. The desire to limit such influence took the form of economic nationalism. President Cardenas commenced a nationalisation project in the late 1930s, and the government intervened in the economy so as to fuel development and to protect the working class (Paz, 1985c, pp. 179-182). This agenda helped increase the consent of the people to the PRI dictatorship that lasted several decades.

In the 1980s, as the Mexican economy became more and more globalised, people began to see a gap between the rhetoric and the practice of the PRI. This was particularly apparent because of the loss of the country's economic sovereignty. It had become 'common sense' that there were now external influences in the designing of the nation's economic policy (Gawronski, p. 384). Indeed, people generally began to feel that the PRI was failing to fulfil the broad goals of the revolution (Gawronski, pp. 386, 387. 389; Scott, 2004, p. 316). As mentioned above, to bring more consent to its rule, the PRI began to institute electoral reforms. The most consequential of such reforms was the creation of the

Instituto Federal Electoral (IFE) in 1990, an autonomous institution which would watch over elections so as to ensure their freeness and fairness. Although the PRI came out victorious in the elections following this reform, the ensuing peso crisis would result in the crumbling of the weak hegemonic base of the PRI. In the 1997 midterm elections, the PRI lost not only its important mayorship of Mexico City to the PRD's Cuauhtemoc Cardenas but also its control of the Chamber of Deputies. In the presidential elections of 2000, the PRI took its final blow, losing the presidency to the PAN's Vicente Fox Quesada (Macleod, p. 250; Gawronski, p. 374). The predominant factor in this crumbling of hegemony was Mexico's deepened embeddedness in the global economy and its commitment to neoliberalism, which were direct betrayals of the principles of the revolution (Gawronski, pp. 375-376; Roman & Arregui, 2001, p. 60).

President Salinas did try to develop and propagate a Mexican identity that would be compatible with globalisation; he also attempted to link the restructuring with modernisation (Hilbert, pp. 118, 123-124). For instance, he made public speeches regarding the adaptability of Mexican culture and identity as embodied in the figure of the Mestizo. This hybrid cultural figure served not only to portray Mexico as being able to withstand the cultural forces that accompany globalisation, but also offered the world a picture of Mexico as being a unified nation without the cultural rifts that contribute to national instability (Hilbert, p. 126). He was at once appealing to Mexicans themselves, demonstrating their ability to globalise, and to the TCC, which will only invest in stable nations. To appeal more greatly to the latter, and in a somewhat contradictory way, Salinas also portrayed Mexico as a multicultural nation, something that would boost investment (Hilbert, pp. 127-128). Thus, he was really continuing the work of broadening the neoliberal historic bloc so as to gain continued support for Mexico's globalisation. He tended to portray those groups – predominantly those of the indigenous in the South – that shunned such change, as not being part of the real Mexico (Hilbert, p. 131). Through such a classification, the South became inscribed with a backwardness, as something that would require change...which gave legitimacy to the neoliberal reform process that began in the countryside in the early 1990s (Hilbert, pp. 130-132). He also attempted to link the discourses of justice, liberty, and sovereignty to neoliberal globalisation by claiming that, in today's world, they can only be realised if a country chooses to go along with the forces of globalisation (Hilbert, pp. 124, 125). So as to convey the pretence that social justice could still be realised in such an environment, he attempted to reform neoliberalism into 'social liberalism' through the development of PRONASOL (Soederberg, 2001b, p. 73; Soederberg 2001a, p. 105; Hilbert, p. 125). Moreover, there were also attempts to provide the Mexican with an anti-revolution identity, as revealed in the statement that joining the North American Free Trade Agreement (NAFTA) would make Mexico part of the First World (O'Brien, p. 715; Garcia Canclini, 1996, p. 142). In short, such a discourse was an attempt to dispel revolutionary myths through a desperate effort to bring about a pro-globalisation attitude in Mexico, something that is characteristic of the North.

These efforts did not work to quell protest, largely because they did not alter the existing neoliberal fundamentals (Soederberg 2001a, p. 114). Continued national discontent was particularly revealed by the rise of the EZLN and the mobilization of Mexican civil society to take the side of the indigenous. So as to interrupt the discourse of Salinas regarding the non-Mexican character of the indigenous, the EZLN began to speak on issues concerning the whole nation, calling for both true social justice and a return to the ideals of the revolution. The chant of the thousands of protesters in Mexico City that "Chiapas is Mexico" was telling of the failure of Salinas to broaden the neoliberal historic bloc through discursive strategies. Because of this massive disturbance within civil society, the international press came to a realisation that Mexico remained in the Third World. The crisis of hegemony thus continued on course (Earle, 1994, p. 1; Poniatowska, 2002, p. 379; Stavans, 2002, pp. 388-389; Hilbert, pp. 138, 140-141; Monsivais, 1998, p. 2).

Problems with the 'Development Project'

It becomes evident that many of the traditional cultural elements that have survived in Mexico were not only a primary cause of the revolution, but also of the demise of the hegemony of the PRI. It is useful here to explore the flaws in modernisation theory, which has assumed that nations seek to become Western and that traditional society cannot exist side-by-side with the Western (Tures, p. 283). This section will provide information that will be particularly useful for understanding why Mexicans themselves must be responsible for installing their own development programme, something that would reject certain aspects of the plan that the West has hitherto installed in the global South. First, we will discuss the basis of modernisation theory.

Modernisation theorists have held that when a country adopts certain signifiers of development, it slowly and automatically becomes modernised. Of course, it must be understood that when any modernisation theorist uses the term modern, (s)he really means Western, largely because these theorists have assumed that there can only be one form of modernity – the Western form (Inkeles, 2000). In the work of the modernisation theorists, what is traditional has been defined negatively. To them, the 'traditional' is non-secular and is considered irrational. In fact, they would consider such elements as being obstacles to development that must be overcome so that a people can come to embrace modernity. They view what is modern as being not only secular, but also democratised, urbanised and industrialised, as well has having faith in Western science and in the nation-state as the ultimate organisation of political power (de Senarclens, 1997, p. 193; Clark & Jung, p. 134; Brohman, p. 124; Bernstein, 1971, pp. 144-145; Huntington, 2000, pp. 145-146, 152). They have assumed that all peoples want to, strive to, and can become modern (Huntington, pp. 147, 154; Khondker, p. 166; Matthews, 2004, p. 379). Thus, their idea of progress has been highly unilinear and

Eurocentric because of its beliefs that the end of 'development' is to become as is the West (de Senarclens, p. 192; Seni N'Dione, 1997, p. 370).(Simmons, 1997, p. 250; Khondker, p. 166; Tures, p. 283).

The theorists have also believed that there were particular institutions that foster the process of Westernisation. In Huntington's eyes, such institutions included the education establishment and the mass media (Huntington, p. 151, 154), and both he and Inkeles (2000) demonstrated that education and participation in industrial labour would make wo/men more modern (Inkeles, pp. 137-140; Huntington, p. 153). Moreover, the principle of industrialisation and economic development in general were cornerstones of modernisation theory because the theorists and agents of development considered them central to fuelling social modernisation (Wiarda, p. 62; de Senarclens, p. 193). It is important to note that the researchers were convinced that with such modernisation, the peoples of the South would not only act, but even begin to think in such ways (Inkeles, p. 139). The West has been prejudiced to believe that all peoples want to develop in terms of the Western model and that this model has universal applicability (Bernstein, p. 143; de Senarclens, p. 195).

As we have seen, many of the elements of modernisation were never realized in Mexico, yet it must be admitted that there has been a degree of change in the country that cannot be ignored. Before we consider this, we should first clarify that we need to be ever mindful of the complexity that is culture. No country ever has a purely unified culture. Within each cultural system, there are a plurality of micro-cultures and a dominant culture (Kaarsholm, p. 38; Pieterse, 2000, p. 8). That said, certainly Mexico's inhabitants would have been content continuing to live as they did prior to the age of Conquest and modernisation. Prior to the colonial era, the Mexicans had their own advanced conceptions of the ideal life, justice, wisdom, order, self-defence, and notions of change (Rahnema, 1997a, p. 5; Rahnema, 1997b, p. 379). As such, in their terms, they would certainly have already been a developed people (Khondker, p. 169). In fact, it was initially only the West that defined the South as backward, just as it was also only this civilisation that wanted it to develop. By defining the global South in terms of lacking what the North has, development thinkers and institutions such as the UN really created their object of analysis in terms of needing development (de Senarclans, p. 192; Dirlik, p. 335; Nustad, p. 480; Abrahamsen, 2003, p. 198; Esteva & Suri Prakash, 1998, p. 288). The discourse of development created abnormalities in the South, and thus legitimated agents' stepping in to treat them (Escobar, 1992, pp. 24-25; Abrahamsen, p. 202). Such ills were encompassed within such signifiers as 'poverty,' 'malnourishment,' 'the illiterate,' 'the landless,' 'the primitive'... - the list could go on indefinitely (Seni N'Dione, pp. 368-369; Escobar, p. 25). To remedy such ills, various disciplines emerged, including "development economics, agricultural sciences, health, nutrition, and educational sciences, demography, city, and regional planning, etc."(Escobar, p. 24).

Foucault discerned that there is always a political reason as to why a field of human life becomes problematised, just as the Third World became so when subjected to development studies (Power, 2002, p. 68; Abrahamsen, pp. 198, 200). Why would Western individuals, theorists, and politicians have made underdevelopment a discursive problem? One reason being the defining of the Other in terms of what is not the Self; the Northern cultural Self is thus provided with an identity (Dirlik, p. 337; Abrahamsen, pp. 196-197; Biccum, 2002, p. 39). After all, for the Northern Self to refer to itself as civilised and rational, it would have to make reference to what is irrational and primitive (Abrahamsen, p. 205). Thus, there is a strong connection between knowledge with its associated discourses regarding the Other and political practice (Abrahamsen, p. 197). This is why it is absurd to claim that postcolonial theory's concentration on discourse analysis renders the theory meaningless through a neglect of the operation of power in the real world. After all, operations of power (institutionally-based or otherwise) are always connected to the formation of discourse, thus making discourse analysis central to understanding power relations (Abrahamsen, pp. 191, 195; Sidaway, 2002, p. 16).

Despite the fact that Mexico could have once remained non-Western without problem, it is impossible for such a time to return. The tragedies experienced under colonialism impacted the psyches of so many peoples of the South that it is impossible for any culture to truly be or even hope to return to its traditional (pre-colonial) self, most peoples of the world have irretrievably entered an era of partial modernisation (Kaarsholm, pp. 44, 45-46). In fact, aspects of Westernization have become desirable in Mexico. Many Mexicans have come to see capitalism, industrialisation, and other aspects of development as beneficial things, as phenomena that have the potential to bring amelioration to their country. In the words of Tatalovich and Sanchez, "In Mexico, whether focusing on elites or masses, economic development is a national obsession" (Tatalovich & Sanchez, p. 20). And, with the advent of NAFTA and globalised media, this process has increased. With the former, American programming is now widely available via satellite, and Western ideals now also filter into Mexico via the Internet; the impact of such media on Mexican culture is undeniable (Garcia Canclini, pp. 145, 151-152; Mahahn, 1995; Petras, 1997, p. 188; Monsivais, pp. 3-6; Potter, 2002a, p. 192-193). Of course, even if the peoples of Mexico have accepted aspects of the Western development model, it is crucial to understand that the aspects have been adopted and put in operation within a unique ontological and epistemological grounding (Potter, p. 192; Rahnema, 1997a, p. 3).

We must also understand that this desire for progress and development is not too surprising; after all, it will be remembered that the culture that dominates much of Mexico today is the result of resentment to Western encroachment. This resulted in a hybridisation of traditional Mexican and of Western culture, a transculturation (Paz, 1985c, p. 87; Paz, 1985b, p. 345). Thus, it seems important to invoke the Foucauldian theory of thinkers such as Brigg (2002), who have seen the operation of the development project as a 'positive' application of power. In the colonial era, the modality of power that operated in the peripheries was of a negative form, characterised by forced labour and the extraction of taxes and profits (Brigg, p. 423). Following WW II, the operation of power over the global South became less coercive, adopting the 'positive' form of 'development.' It operated in such a way that many of the peoples in the South did become attracted to some of its aspects (Brigg, p. 424; Abrahamsen, pp. 198, 201).There were a plurality of micro-processes whereby the discourse of development worked to constitute the mind of the colonised in a highly Western way (Abrahamsen, p. 201). Some post-development theorists might really see this as a Western colonization of the indigenous mind, but if that 'colonisation' was at least partly self-willed and is still desired by certain peripheral peoples, then it is somewhat futile to fight it (Rahnema, 1997a, pp. 4, 8, 9; Freire, 2002, p. 181; Fanon, 1963, pp. 163-164, 221; Freire, pp. 46, 153; Nandy, 1997, p. 170; Rahnema, 1997b, pp. 391, 400).

In order to be practical, we must continue to work within the ways in which these people have become re/ordered ontologically and/or epistemologically. If they have achieved a secure ontological grounding in the world, then it would seem ridiculous to attempt to alter that grounding, whether such an alteration takes the form of attempting to return to the pre-Cortesian Mexico, or whether it is through a more complete Westernisation. Of course, working with the way that people have become ordered is not something unprecedented in political strategy. Some 2,000 years ago, the classic Chinese strategist Sun Tzu II made a similar argument, demonstrating that political policies must coincide with the 'nature' of the subjects (Tzu II, p. 130). Certainly, when Tzu speaks of the 'nature' of human beings, in no way does he mean the essence of human beings – after all, such a conception of 'nature' is only a modern Western construction. Instead, nature here can be taken to mean 'a mode of being' or ontological grounding. A person's mode of being is not the essence of a person because it is socially constructed, but it must be given a place of importance in theory because ontology provides individuals with security. Let this be a lesson to future development strategists.

This brings us to a challenging of some aspects of post-development and postcolonial interventions in development studies. Postcolonialism often fails to explore the vast numbers of peoples within the South who have become attracted to aspects of modernisation, the Mexicans being a case-in-point (Pieterse, 2000, p. 4; Dirlik, p. 337; Matthews, pp. 376-377). Post-development theory tends to reject development altogether by portraying it as never having had any successes (Esteva & Suri Prakash, 1998, pp. 282-283; Simmons, pp. 248-250; Sidaway, p. 16). In reality, a particular kind of development has been successful in East Asia, and has even helped increase the life expectancy of many Southern peoples (Pieterse, 2000, p. 7; Sidaway, p. 18; McMichael, p. 278). It would be problematic to apply the discourse of these researchers to Mexico. This is because at times it seems that they only want to reject development within cultures where there has been almost no Westernisation. For example, consider these words of

Matthews, "a project premised upon a set of values cannot succeed in the absence of the relevant assumptions and values" (Matthews, p. 380). It seems that she is grounding methods of social change within the ontologies and epistemologies that exist in a society. In the area she is examining – Africa – Western ontologies are largely lacking, and this could well be why, in that particular context, she rejects the post-WWII development project (Matthews, pp. 378-380). Because African peoples have been so resistant to Westernisation, she subscribes to their developing a completely alternative project based upon their unique ontologies and epistemologies (Matthews, pp. 380-381). Yet, what she and other researchers must consider is that many Southern peoples see aspects of modernisation as being able to help them out of the inequality, social upheaval, and poverty that characterise their current situation (Dirlik, p. 347; Simon, 2002b, pp. 123-124). As researchers, we must never cease to view social upheaval and poverty as problems that need to be overcome through development (Sunder Rajan, 1997, pp. 615-616). In fact, I believe it to even be of prime import for us to support the United Nation's Declaration on the Right to Development, which explicitly declares poverty to be a violation of human rights (Elliott, pp. 47-48).

Similar concerns can be examined through the thought of one of the leading post-development theorists, Escobar (1992), particularly his consideration that the indigenous-based social movements and civil society of the global South generally reject the existing modernisation and development programmes in their entirety. Escobar considers these social movements as the subjects that have the most potential to effectively generate a project alternative to the existing development project (Escobar, pp. 22, 29, 37, 41). However, in reality, the subaltern is heterogeneous, and thus the diverse voices of the subaltern must be respected when engaging in development (Kapoor, 2004, p. 638; Pieterse, 2000, p. 8). For this reason, thinkers such as Escobar should examine more carefully the precise issues for which the social movements in the South actually struggle (Lehmann, 1997, p. 6).

These issues aside, there are important lessons to be learned from postcolonialism. Matthews' analysis was strong in that it demonstrated that there is always agency on the side of the colonised – that they never passively accept the model of development imposed by Western agencies, but can actually reject it in subtle ways (Abrahamsen, pp. 204-207). This is important because it provides evidence that the coloniser has never had full power 'over' the colonised, it shows rather that the Other has always had creativity in the face of power (Pieterse, 2000, p. 4; Abrahamsen, p. 207). For instance, Abrahamsen seems to think that there is a major tendency for cultures in Africa to have accepted aspects of Western culture, but to have altered them in ways particular to their own cultures (Abrahamsen, pp. 205-206). Kapoor (2002, p. 652) has also spoken to the notion of agency; he has demonstrated that the colonised can choose to 'misinterpret' the prescribed model of development in her own way. On the other hand, Matthews was weak in her having failed to explore this agency in enough depth to account for hybrid cultures. Either way, we must not conclude that agency has tended to be exercised with more power being on the side of the colonised. After all, even if the colonised has a voice, it is always interpreted in the terms of the dominant discourse, with the ultimate impact of there existing an "unavoidable collusion and complicity between the coloniser and colonised" (Kapoor, 2002, p. 652). These concerns aside, it must be noted exactly why we have raised the issue of agency. The lessons of agency are lessons to be learned in the world today because they show that the subaltern probably has both the ability and creative potential to install his/her own development plan in the future. I will return to this in the final sections of the paper.

Having explored Mexico's developmental needs, we can now turn to an exploration of developmental models that would be effective in the country.

Sovereignty as a Cornerstone of Development

Several thinkers - including Mexico's high-profile former foreign secretary, Jorge Castaneda – have come to believe that only a neostructuralist state-led model of development is the feasible alternative to neoliberalism. Inspired by the work of List, Chamberlain, Kaldor and other mercantilists, under this model, the state would intervene in the economy both to create competitive advantages and technological advancement and to enable the exploitation of niches in the world market. The state would intervene in ways greater than did the Keynesian governments of the post-war era. It would jump-start the economy through subsidization and protectionism, and it would redistribute wealth to both prevent the slide of the middle class into poverty and generally promote full employment.

Redistributive development policies have been advocated by figures such as Polanyi and Sen, and are now central to the discourse of human development that is advanced by the United Nations Development Programme. Under neostructuralism, gradually, the state would permit a liberalisation of the national economy so as reduce vulnerability to competition and fluctuations stemming from the global economy (see Rodrik, pp. 12-13; Kay & Gwynne, pp. 62-63; Kiely, 2002a, p. 113; Onis & Aysan, p. 11; Cameron & Aggarwal, p. 983; Dunkley, pp. 14, 50-52, 55, 57; Gilpin, pp. 145-147, 199-200). Bernal-Meza (2002) argues for similar ends, and advocates a return to corporatism in order to conduct the policies in a socially inclusive manner. Neostructuralist thought might also benefit from the findings of 'new international economic theory' and 'new growth theory', which tend to promote intervention to develop human resources, increase dynamic comparative advantage through government-backed research and education, promote 'rent-snatching' (taxing oligopolist profits), and to both establish new enterprises and assist already established firms in the recouping of R&D costs (Gilpin, pp. 112-117; Dunkley, pp. 59-61).

As demonstrated by the experience of East Asia, these methods would lead to more growth than does pure openness to the global economy (Kiely, 2002a, p. 99). In contradistinction to neoliberal claims, and as we have seen in our discussion in relation to human capital, openness to the global economy alone will not increase the growth rate of productivity; for this, state intervention is needed (Kiely, 2002a, pp. 99-100, 106). The very fact that the current industrialised world developed along protectionist paths demonstrates the contradictory nature of the neoliberal discourses that their policymakers propagate in international bodies. After all, the developed countries only ever adopted free trade once they had industrialised adequately themselves, because it is only between countries of similar levels of development where free trade is effective (Galeano, 1997, p. 221; Dunkley, p. 51; Gilpin, p. 201).

To bring the state back into the equation of development has its complications because, as we have seen, transnational capital now has supremacy over the governments of the global South and even over many powerful Northern states. Countries can no longer manage their national economies because of the influences of electronic money, the outsourcing of production, and international finance on their endeavours (Makki, 2004, p. 165; Held et al., pp. 215-216, 228-230; Soros, 2002, p. 3; Poitras, pp. 58, 68). Certainly, the postmodernists might reject this claim by demonstrating that power can never be centralized, that centralised forms of sovereignty always rely on modalities of power that are the "'terminal' of more fundamental mechanisms" (Foucault, 1994, p. 332) of power. To a degree this is true, but classic postmodern thinkers such as Foucault *did* realise that power relations can come under the control of centralised mechanisms, as was demonstrated by the success of the modern state (Foucault, p.

345). It could be said that transnational capital has now replaced the state as the focal point of power.

Thus, for any model of development that is alternative to neoliberalism to come into being, first this exogenous power must be challenged. However, it is very difficult to challenge the power of globalised capital from the level of the state. For instance, Hugo Chavez did adopt a more redistributionist form of capitalism in Venezuela, but then he ran into economic problems due to the ensuing capital flight. Similar problems were faced by France in the 1980s. Capital tends to be attracted to those countries where neoliberalism is already securely established. Although the Venezuelan case has demonstrated that transnational capital does not conquer the state completely - that the state retains a degree of institutional autonomy that enables it to create anti-neoliberal policy – Chavez' lack of success, and the fact that this experience has prevented other governments from acting similarly, demonstrates that capital does have power over governments (Held et al., p. 225; Weyland, 2004, pp. 309-311; Gill & Law, p. 97; Gill, 2003b, p. 136). This is why capital must be limited in its abilities to engage in footloose transfers. Because policy is formulated no longer by nationally-focused groups, but rather by a transnational historic bloc whose interests lie in self-benefit rather than that of the respective nations from which it has arisen, resistance will have to stem from a similar transnational level (Levy & Bruhn, pp. 257-258; Roman & Arregui, 2002, p. 231; Vadi, p. 143). The only way to achieve this would be for a transnational civil society (counter-supremacy) to develop that could force governments to limit capital flows, possibly through taxation (Gill, 2003e, p. 209; Kiely, 2002a, p. 113-116; Soros, 2002, pp. 49, 52, 71). After all, if most governments took such a stance, then capital will have virtually nowhere to flee. The potential for the realisation of such a movement is something that will be discussed extensively in the Analytical Conclusion.

Evidently, one of the first goals of development should be the attainment of sovereignty (Ayres & Clark, p. 11), something that most states have lost since the advent of transnational capitalism. The IMF and transnational capital act as a check on government ability to create public policy, especially that which is more redistributive and active in technological and educational improvements; this is certainly the case for Mexico (Cypher, p. 19; Macleod, p. 90; Chossudovsky, p. 59). With a returned sovereignty, the Mexican government could invest extensively in education programmes that would improve the human capital base of the country and thus encourage more partnerships between local and foreign firms. An improved human capital base would also make families more capable of surviving economic shocks (ECLAC, 2000, pp. 16, 52, 55). Furthermore, education would provide rural peoples with greater ability to find work in the cities (Lopez & Valdes, 2000, pp. 6).

Of course, ability to find work depends on the availability of work, and on the viability of domestically-owned firms (considering that foreign-owned TNCs do not provide many jobs). This brings us to an already-stated problem: the productivity of local firms depends on access to technology. Such practical concerns aside, more leeway in public policy would also enable the government to redistribute wealth, which would reduce inequality. This would encourage more long-term investment into the country; after all, inequality is a prime cause of socio-political instability, which, in turn, deters FDI (Paus, p. 16). Public investment could also be used to expand the rural non-farm sector, an alternate source of employment for the rural population (Lopez & Valdes, pp. 17-18).

Prospects for an Alternate Modernity

Mexico does need a returned sovereignty, a power that will stem from the will of its own people. The country's future development project must also arise from that same social force. After all, from our discussion of Mexican history, it should have become apparent that one of the most important genealogies of the history of the Mexican people is their long search for both a model of development and of governance that expresses their true selves (Paz, 1985c, p. 134). It could even be said that the aim of the revolution was to create the ground for an alternate modernity, one outside the Western project (Paz, 1985c, pp.175-176). In today's world such a goal is no less pertinent; consider these words of Paz: “Mexico has to find its own road to modernity. Our past must not be seen as an obstacle but a starting point” (Paz, 1985a, pp. 372-373). Of course, because he does not see the Mexican as being completely locked into tradition, he later says:

> I do not preach return to the past, imaginary as are all pasts, nor do I advocate that we go back into the clutches of a tradition that was strangling us. I believe that Mexico, like the other Latin-American countries, must find its own modernity. In a certain sense she must invent it (Paz, 1985e, p. 398).

With power returned to the hands of the Mexican people, it may be once again possible for the country to design its own programme of development. One of the problems with the prevailing models of development is that they exclude the voices and will of the periphery when they are designed. Escobar considered that it would be impossible for a more localised method of development – that which respects the will of peripheral peoples – to be installed without a global framework that supports the process (Lehmann, p. 4). Certainly, this is unfortunately true, but it would be perhaps more effective to return the power to install development to the state rather than retain it at the international level. After all, lately there have been attempts to include the voice of the subaltern in development at the level of global institutions; however, they have remained largely ineffective. Development organizations have only done this in response to criticisms that the development project has not reflected the interests of the people that it has meant to have aided (Nustad, p. 483). Furthermore, it is often the already privileged in the South who are heard; the disadvantaged have no voice, even though their stories are the most deserving of attention (Kapoor, 2004, pp.

630-631). Moreover, when the subaltern is listened to, often his voice becomes represented. As such, the subaltern tends to be coopted by the dominant (presently neoliberal) model of development (Grillo, 2002, p. 57; Kapoor, 2004, pp. 631, 637). This is particularly true within institutions where a particular discourse of development has been institutionalised and thus has a tendency to coopt alternate discourses. For instance, the Bank currently requires public hearings and civil society consultation for all projects that it funds, yet the resilience of neoliberalism within the institution is evident (Clark, 2002, p. 507; Kapoor, 2004, pp. 632, 639). What is more, when the subaltern is given a chance to speak, she often alters her discourses in such a way that they will please the organisation that is both funding the project and seeking her input. One reason she does so is because of the immense pressure she feels when given a chance to deliver her stories (Kapoor, 2004, p. 636). Therefore, it can be generally said that the voice of the subaltern is often rendered mute (Kapoor, 2004, p. 639), and thus development projects continue to be out of touch with the very objects that they are supposedly concerned (Rahnema, 1997a, p. 7).

There has also been a tendency of Westerners to seek control of the Other through their development projects (Lehmann, p. 5). In fact, it could be said that the knowledge that the West has attempted to gain of the Other has been gained with the end of controlling him. Moreover, this control is easily achieved because the relationship between the developer and underdeveloped is organised in such a way that only the developer is permitted to have a true voice. Indeed, it is usually a disciplinary relationship, regardless of both the slight agency that the subaltern may have in the face of such power and the 'positive' form that such discipline adopted (Kapoor, 2004, pp. 634-636, 642).

The development project has been a grandiose attempt to normalise the South in terms of Western ideals (Rahnema, 1997b, p. 394; Brigg, p. 427). The states of the global North have really acted as transmission points for the will of various extra-state interests that have wanted to normalise the South. Although the wills of many of these interests might have at times been contradictory, overall they have coalesced into a dominant strategic, disciplinary function (Abrahamsen, p. 199; Brigg, pp. 427-428). A drive for normalisation is precisely what the IMF, the Bank, European Union, and NAFTA continue to do today (Patel & McMichael, p. 245; Brigg, p. 430; Held et al., p. 259).

As we have seen, the IFIs in particular engage in the surveillance of economies to judge their credit-worthiness. Through their judgments, they can discipline the behaviour of those countries into becoming closer to the 'standard' model (Chossudovsky, p. 35; Brigg, pp. 430-432). In fact, it could be said that the new force of 'modernisation'/ Westernisation/ normalisation is that of neoliberalism. This is evident because those who work for the Bank and other right-winged intellectuals currently label their neoliberal prescriptions for development as 'modern' (Macleod, pp. 90, 92-93; Wodon & Velez, 2001, p. 107; Brizzi, pp. 2001, 329, 330, 332, 340, 341; Rogozinski, pp. xi, 27; Garrett, p. 3; Baer, p. 4; Maloney, 2001, p. 526; Pastor & Wise, p. 64; Yergin & Stanislaw, p.

218; Lustig, p. 207). Similarly, in the Maquiladora sector, managers and other powerful figures propagate discourses regarding the modernising opportunities that their plants offer their employees (Berndt, 2003). Evidently, the forces of globalisation are not postcolonial; we remain in colonial times (During, p. 402) since one culture continues to attempt to discipline (discursively or otherwise) others into accepting its norms.

The project that this paper has outlined ultimately aims to overcome the above noted disciplinary relationship. Certainly, the methods that I have outlined are among the most practical radical solutions to install in Mexico. Yet, it must be understood that if they seem to contradict the concerns of the people of Mexico themselves, then they are worthless. After all, one of the fundamental problems with development theories designed within the North is that when they are applied to the South, they tend to not quite fit within the scenario in which they are put to use. There are often certain groups of peoples within those countries whose wants and aspirations cannot be met with a model designed in the North that does not take into account their localised situation (Rahnema, 1997b, p. 392; Brohman, p. 128). This is why we must never pretend that we can fully understand our object of study; as Pieterse has stressed, we must drop the Enlightenment tradition of thinking that a society can be fully transparent to the researcher (Pieterse, 1999, p. 95). However, it must be understood that the model that I have laid out does not have the universalism as does that of neoliberalism, largely because it sees that those who install it need to be the individuals who reside in the global South themselves, it will never be forced upon them by an international organisation such as the IMF.

One of the fundamental problems with Western models of development hitherto has been their failure to seek indigenous-induced social change (Brohman, p. 126). This is why I here take issue with Pieterse's having claimed that development is necessarily about telling people what to do (Pieterse, 2000, p. 6). There is no reason why development need be so, in fact, it can just as well be about cooperation with the Other, and being receptive to the rejection of one's ideas by the Other. Development should be about helping the Other, about collective learning, and not about control and discipline of the Other. This is something that we must consider to be of the utmost import in future development theory (Sunder Rajan, p. 626; Pieterse, 2000, pp. 4-5; Pieterse, 1999, p. 97).

Exceptions to the Project

Unlike the rest of Mexico, the indigenous of the South have realised very few of the positive effects of modernisation...in fact, they remain largely traditional in outlook, and seek a world where their traditional Mayan indigenous epistemological and ontological orientations can be respected, a world where all differences can be embraced, “a world with room for all worlds”. In order for the indigenous to find a secure position in the world, their traditions will have to be considered (McCaughan, 2002, pp. 74-75; Earle, p. 2; Esther Cecena, p. 362; Hayden, 2002, p. 78; Marquez & Cambio, 2002, pp. 181-182; Rochlin, 2002, p.

205; Paz, 1985b, p. 338; Brohman, pp. 129, 131; Lowy, 1999, p. 217). It is for such peoples that 'alternatives to development', such as local autonomy, and respect for unique cultural and epistemic frameworks, must be granted (Pieterse, 1998, p. 354-355; Escobar, p. 27, 44).

If a model such as that which I have described were to be installed in Mexico, it would make sense for the most resentful groups to be self-governing. There are indigenous groups, particularly the Zapatistas of Chiapas, who completely reject the whole project of modernity (Esteva & Suri Prakash, 1998, p. 285; Esteva, 1997, p. 302; Esther Cecina, 2004, p. 363; Burbach, p. 2). Self-governance would provide for a more inclusive model of politics than those that exist already (Escobar, p. 31). Even though the Zapatistas do not call for an autonomous space, it seems that there is no other solution to their problems that is both practical and feasible in the world today (Esteva, p. 303).

What is it that has driven the Southern Maya to take this anti-modernist stance? The answer is undoubtedly linked to the fact that they and other indigenous populations have been largely ignored by any development plans that have been installed in the country. Despite the fact that the indigenous constitute only one-tenth of the country's population, they compose one-third of all Mexicans living in poverty; many of the *campesinos* are malnourished and lack even basic education (Paz, 1985d, pp. 258-259, 271; Rochlin, 1997, pp. 58, 86; Burbach, pp. 2-3; UNDP, 2003, p. 19). Over the course of the twentieth century, they have faced harsh measures to enforce them to become part of modern

Mexico, yet the policies that were installed have not brought them much in terms of what was promised, access to arable land being a huge concern that remains largely unfulfilled. Land was redistributed unevenly and with lengthy procedural delays, with a favouritism shown towards the big landowners (wealthy farmers and ranchers, plantation and latifundia owners, etc.), who maintained possession of the lands of best quality (Burbach, p. 4; Rochlin, 2002, p. 59; Rochlin, 2002, p. 183). Moreover, in order to be offered land, peasants found that they had to mobilise, often against other peasant groups, so as to get attention from the state (Hilbert, p. 133-134; Borrow-Strain, 2004, p. 891).

Starting in the late 1960s, indigenous consent to the PRI began to dwindle, just as in the same [illegible] party's hegemony began to wane in the country as a whole. From this point to the 1980s, peasant mobilisation became widespread because of intensified peasant expulsion from lands beginning in the 1970s. Those who did embrace an activist stance came to face extreme repression from the hands of the state. The 1992 neoliberal reform of Article 27 of the Mexican constitution brought increased harm to the peasantry, because it enabled privatization of the better lands, the consequence being that only the least productive lands were left for subsistence agriculture. The peasantry was not consulted on the reform process at all, which resulted in the indigenous being forced to move deeply into the Lacandon rain forest to find land. Many peasants have also faced either a decline in earnings or job loss due to the free importation of foreign agricultural products under neoliberalism, goods that are less expensive than those produced domestically. The meagre employment benefits offered in the TNCs that have entered Mexico are certainly not sufficient to provide a means of survival for those in the South who have lost out, not to mention the one million new workers who enter the work force each year. The direct result has been the birth of vanguard revolutionary movements in the southern states of Chiapas, Oaxaca, Guerrero, Tabasco, Veracruz, Mexico, and Hidalgo (Burbach, p. 5; Monsivais, p. 3; Kelly, pp. 96, 98; Cox, 1987, pp. 240, 382-383, 388; Anderson, p. 3; dos Santos, p. 235; Hogenboom, p. 233; Levy & Bruhn, p. 256; Maryse, p. 27; Rochlin, 1997, pp. 62, 84; Hilbert, pp. 132, 135-136; Esther Cecina, p. 364; Scott, 2004, p. 326). Inspired by Chiapas' EZLN's entry onto the political stage in January 1994, and largely a consequence of the general policies of the Mexican government, many peasants also organised in their efforts to seize privately-owned farms (Saramago, pp. 383-384; Hayden, pp. 81-82; Borrow-Strain, p. 887; Rochlin, 1997, p. 76).

The government has since tried to quell such discontent by reviving land reform with its 1996 Agrarian Accords. The new land redistribution process is different than the previous state-led redistribution because it is market-assisted, decentralised, and favoured by the Bank's neo-Washington consensus. It takes place in such a way that groups are granted government loans to buy land (Gindling, pp. 217, 220; Borrow-Strain, pp. 887-889, 894). However, this redistribution process is politicised, serving both to inflame existing conflicts between different peasant organisations, ethnic groups, and political parties, and it has actually created further tension and hostility. It certainly has not reduced resistance in the region, largely because groups feel that, without conflict, the land will not be redistributed (Borrow-Strain, pp. 894, 890-900; Rochlin, 1997, pp. 76-77, 82). A second reason as to why redistribution has not quelled conflict is that now peasants all over the Mexican South want not simple land reform, but sustainable agriculture, especially when having considered the large sections of the region that have been victimised by ecocide (Rochlin, 1997, pp. 77, 83-84). Under the influence of the so-called Green Revolution, agriculture in the South has been overly focused on short-term output and not sustainability, which explains why lands have become overly stressed (Sanderson, 2005, pp. 3, 11). Current solutions towards rural poverty involving developmental assistance also tend to be directed towards this same goal (Sanderson, p. 6). It must be understood that knowledge of sustainable farming is something that the indigenous do hold, and therefore their expertise will have to be included in future frameworks on rural poverty alleviation that focus on soil regeneration, rotational grazing, integrated pest management, efficient irrigation, and other new farming tactics (Grillo, p. 56; Pretty, 2002; Chapman, 2002, p. 158; Sanderson, pp. 8, 10, 11).

Evidently, it was a mistake for the negotiators of NAFTA to assume that the South, and particularly the state of Chiapas, would remain without disruption if an agreement that would increase neoliberal reforms was implemented in the country (Rochlin, 1997, p. 57). As we have seen, the Mexican negotiators of the

Agreement believed that it would boost investor confidence by cementing the neoliberal agenda that had been in place in the country since the early 1980s (O'Brien, p. 710; Levy & Bruhn, p. 250). However, investors lose confidence when there is social turmoil in the country for which their investment is directed (Rochlin, 1997, p. 68). The negotiators' predictions were false, because on the inauguration day of NAFTA, the Zapatistas engaged in a war of movement that helped spawn the massive capital flight and peso crisis that plagued the country in 1994 (Poitras, pp. 123-124; Rochlin, 1997, pp. 70, 72).

In an attempt to bring stability to the South, the Bank today pretends that it aims to support the cause of the indigenous, calling for the development of educational systems that respect traditional native culture. However, the indigenous see through these attempts as being merely a continuation of *all* development plans that have encroached on their livelihoods. After all, since 1996, the Mexican government has recognised the cultural and linguistic rights of the indigenous in schools and through other means (Wodon & Velez, p. 113; Velez Bustillo, 2001, pp. 457, 461; Rochlin, 1997, p. 82). The modernisation plans of the pre-neoliberal era had similar ends, claiming to preserve traditional native culture, when, in reality they only pushed for the South to become inextricably linked to the national capitalist economy and its modernising forces (Hilbert, p. 134). Today, in effect, the Bank is continuing such efforts, calling for education that will enable the indigenous to become more competitive so as to survive the competition that is inherent to neoliberal globalisation (Velez &

Lopez-Acevedo, pp. 17, 22; Velez Bustillo, pp. 455, 462; Garcia Canclini, p. 146; Molnar & Carrasco, pp. 541). This is an example of the neoliberal attack on public education in Mexico and beyond, which has served to increase the entrenchment of the neoliberal discourse (Mooers, pp. 71-72; Velez Bustillo, pp. 455, 462; Roman & Arregui, 2002, p. 235). What the indigenous really need here is autonomy, since only such an agenda can give the indigenous capacity for cultural survival (Rochlin, 1997, p. 70).

Some theorists might take issue with our attempt to include the struggle of the Zapatistas in this discourse that is, in many ways, oriented through the lens of historical materialism. They will maintain that the Zapatista struggle cannot be understood within the historical materialist framework. Specifically, they will point out that Marxism is overly locked within a modernist epistemology, whereas the Zapatistas reject capitalism by making use of an *anti*-modernist lens. These theorists claim that Marxism is flawed because it predicted that political struggles of consequence would necessarily arise from within the factory, largely because workers would only gain a class consciousness when they were grouped together in an environment where they could discuss their common struggle with capitalist exploitation. The conflicts of the Mexican South are not of this sort at all (Esther Cecena, pp. 363, 366; Hayden, p. 82). However, what these theorists neglect to mention is that the current pitfalls of capitalism can *only* be understood sufficiently by making at least partial use of historical materialist problematisation. Moreover, it must be stressed that many contemporary Marxists do not solely base struggle on the initiative of the working class, but rather on *all* those who are harmed by the policies of the TCC; this is why they pay attention to issues of identity and cultural diversity (Gill, 2003f, p. 219). Certainly, the Zapatistas do have issues that they struggle for that have not traditionally been considered central to Marxian praxis – specifically, issues of language, culture, gender, and race (Esther Cecena, p. 364) – but this certainly does not mean that Marxism is necessarily contrary to those issues being taken on in political struggle. It must be stressed that the Zapatistas also have a close allegiance to liberation theology, an ideology that draws much influence from Marxist praxis because it really grew out of a combination of the insights of Marxian revolutionary theory and radical discourses of the social justice issues associated with Christianity. Furthermore, the EZLN only attempted to distance itself from the violent strategy of Guevarism-Marxism once it realised that it could not defeat the Mexican army in a bloody confrontation (Lowy, pp. 216-217; Rochlin, 1997, pp. 74-75; Hayden, p. 90; Rochlin, 2002, pp. 186-187, 189). What is more, the EZLN views the issues of land distribution though a classic Marxist lens – that of a class struggle (Rochlin, 1997, p. 89). Finally, they struggle to revive the political policies concerning social justice that were the products of the revolution, policies which, as we have shown, can be well understood when considered through a neo-Marxist lens (McMichael, p. 287; Burbach, p. 1; Watson, 2001, pp. 211-212; Rochlin, 1997, p. 88).

We now change our focus to a consideration of the links between the transnational counter-supremacy and alternative modernity. If there is to be a transnational subaltern civil society, it will have to realise that the wants of Mexican social movements will have to be respected as well. Many of these movements are becoming wary of universalistic development models (Brohman, p. 138). Certainly, as we have mentioned already, Escobar was incorrect in having claimed that the new social movements reject completely the existing development project. However, they do challenge *some* aspects of that project. These movements respect the voice of the subaltern, the figure who has rejected many of the aspects of development. They fight a discursive struggle, and try to frame meaning in new ways. They want to disturb modernisation as a cultural project, as distinct from its more economic and industrial elements (Escobar, pp. 37, 38, 40-41), and want development to be interpreted in such a way that it reflects local meanings as to what are basic developmental needs (Escobar, p. 46). They want development theory and initiative to stem from their local site of knowledge and initiative, a goal that is highly important in postcolonial studies, which rejects the claim that global thinking can ever grasp the wants of groups at the local level (Escobar, p. 35; Esteva & Suri Prakash, 1997, pp. 279, 285; Rahman; Sheth, 1997, p. 330; Fals Borda, pp. 66-67; Seni N'Dione, p. 373; Rahnema, 1997b, p. 384). They make connections between the practices of everyday life and the dominant cultural project of neoliberalism. This is an important consideration since these movements use anti-neoliberalism as one of their main points of focus (Watson, pp. 209, 210, 212, 214), they reject the goals of the transnational globalising elite and the structural power of transnational capital (Watson, p. 211). This elite is perhaps the most ethnocentric group involved in international affairs, and it also tends to be highly ignorant of the concerns of the subaltern. This class also implements ethnocentric development programmes in the South. It does so either through development organisations or directly, through the influence of the Westernised comprador bourgeoisie in the South (Fanon, pp. 161-162, 167; Rahnema, 1997b, p. 378; Bernstein, p. 145; Brohman, pp. 130, 133, 135; George, p. 211; de Senarclens, p. 198). Thus, challenging this group will help to overcome ethnocentrism in the sphere of the global economy and in international development (Kapoor, 2004, p. 630). It is possible to combine a respect for the local in a struggle that is global in character, a struggle that understands the most powerful of social relations (Watson, pp. 202, 206; Esteva & Suri Prakash, 1997, pp. 281-282, 284-285; Seni N'Dione, p. 374; Gill, 2003f, p. 221). Such a struggle would be very effective because it is only from the level of the local that we can understand how the global economy actually functions (Esteva & Suri Prakash, 1997, p. 288; Mittelman, pp. 5-7).

How can we reach the point in global politics where the initiative of development will be transferred to the Other? The answer lies in gaining a respect for her, a coming to see her as someone who we do not need to control, or, perhaps more importantly, our becoming willing to learn from *her*. There is a need for thinkers from both the North and the South to theorise as to the coming about of a new world, and the traditional narratives of the Mexican people can be an integral part of this process (Paz, 1985c, p. 171). Reciprocal learning should be the norm: the North will learn things from the South, and vice versa. For instance, perhaps the West is developed, but it is lacking many of the ideals of traditional societies that once brought happiness.

If we were to measure development in terms of acquiring ideals of contentment or cultural richness, it could well be argued that we in the North are the least developed (Rahnema, 1997a, p. 2; Khondker, p. 169; Rahnema, 1997b, p. 381; Sidaway, p. 18). Perhaps, then, a primary goal of development studies should be to reconsider what exactly it is that we mean by 'development' (Rahnema, 1997a, p. 5). Rather than only valuing our own judgment of the South, at some point we must return the gaze, and see ourselves as the Other views us; in other words, this turn in development studies would approach the Self from the perspective of the Other. This would be a hyper-self-reflexive model of development, where before judging the Other from the perspective of the Self (Heidegger's self-referentiality) and in wanting the Other to become like the Self, it would ultimately question the Self. It would realise that the complex of discourse, ontology, epistemology, and language from which the Self originates/is constituted need not be privileged, and instead that this complex is a mere construct that can be deconstructed (Dunphy, 2004, p. 2; Kapoor, 2004, pp. 640-641; Rahnema, 1997a, p. 7; Tamas, 2004, pp. 653, 655). In short, it would shatter the presumed cultural superiority of the Self and be open to the ontological and epistemic positions of the Other as phenomena from which crucial things can be learned (Rahnema, 1997a, p. 7; Kapoor, 2004, p. 642; Abrahamsen, p. 207). It is really a realisation that there are multiple rationalities, not merely the Western Cartesian form, which is why it goes against those intellectual dictums that are remnants of the Enlightenment (Nandy, pp. 169-170; Power, 2002, p. 68).

Although some thinkers will claim that this leads to a mere relativism in which the ground for any metaphysical positioning is rendered insecure, such claims must be queried. It is not relativism because it does have an ethical basis, which merely calls for one to be aware that there are relations of power which delimit the grounds of the Self and thus the judgments that are directed towards the Other (Dillon, p. 164; Tamas, pp. 655, 658). It calls for one to be more responsible towards the Other, something that is reminiscent of Levinas' and Derrida's understandings of ethics and of justice (Dunphy, p. 5; Glynos, 2000, p. 6). Of course, this is not to say that all of the perspectives of the Other need be privileged over those of the Self, it is just to say that one be open to such perspectives (Seni N'Dione, p. 375; Tamas, pp. 655, 658; Rahnema, 1997b, pp. 381, 392). Perhaps it is only through tactics such as this that we will give the subaltern a chance to speak with a respectful voice (Marquez & Cambio, p. 179; Tamas, p. 658; Snow, 1997, pp. 359-362). Of course, as Paz noted, before dealing with the Southern Other, the North will first have to gain an understanding of those Others within its own territory – the natives, the blacks, and so on (Paz, 1985d, p. 220).

If we become responsible for gaining an understanding of the Other on his own terms (Kapoor, 2004, p. 642), how is it that we can most effectively achieve this end? Certain theorists of this matter emphasise the en face relationship of subjects (Smith, 2002, p. 133; Kapoor, 2004, p. 643). Other answers are through widening the circles of care beyond the realm of the personal (Smith, p. 133) and making use of literature...indeed, was this Fuentes' ultimate aim in *The Old Gringo*, since the Western characters in it do come to understand the real Mexico on her own terms. As in the powerful words of the story's old man, "'Mexico is the proof of what we could have been'" (Fuentes, p. 76). The character Harriet also begins to see that her desire to civilise the country is unjust. This is a crucial point, and is something that works in line with theorists of post-development. These theorists have demonstrated that the way in which people from the North have spoken of the South is a way of reproducing Western hegemony because it casts the South as inferior, which ultimately justifies their interference in these countries to cast them in a more Western image (Kapoor, 2004, p. 629). Engagement with literature will recover the subject positions of the subaltern, which have been buried over the course of colonial history. Such voices have been buried particularly in discourses that fail to document the agency of the colonised in the face of Western power (something discussed above). Literary engagements would certainly fulfil Said's notion of the 'writing back' to the Empire (Abrahamsen, p. 207), Empire here being broadly defined as the peoples subjected over the course of 'colonial' history, i.e., during the age of colonialism/ neo-colonialism, imperialism/neo-imperialism/neoliberalism.

It is also through literature that Mexico could come to develop her own alternate modernity. As Kaarsholm has demonstrated, this is a feasible means of engaging in dialogue regarding the future path that a country could take. It provides a space for the engagement with the localised perspective of the Other, and it is a space in which opinion can be conveyed without the risks that a more straightforward engagement could entail (Kaarsholm, pp. 50, 54-55).

This chapter has enquired into the ontological and cultural factors that would contribute to a development agenda that Mexicans would consent to. For people to advance such a project there will have to first emerge an effective transnational counter-supremacy. It is to this problematic that we turn our focus in the Analytical Conclusion.

Chapter IV

Analytical Conclusion: Prospects for a Counter-Supremacy

This conclusion is really an attempt to finally explore the potential for a counter-supremacy in Mexico, something that could return power to the Mexican people themselves. We have discussed how the hegemonic project in the country came to an end – namely, through the encroachment of neoliberal globalisation on the nationalist and redistributive politics that characterised much of Mexico's twentieth century. We have also have spent much time theorising just as to how it could be reinstalled, which would be particularly through a gaining of respect for the Other both in development theory and practice. These final considerations will elaborate on the potential of the Other to install development on terms other than neoliberalism.

What is the likelihood that a transnational subaltern civil society could form that would effectively challenge neoliberal globalism? To answer this question, we must first query the claims of right-winged intellectuals that globalisation works in tune with human nature and that it was and remains an inevitable and irreversible force (Makki, p. 163; Pasha & Murphy, 2002, p. 4; Dunkley, p. 5; Heath, p. 173; Gill, 2003b, p. 125; Rock, p. 66). Since at least the time of Adam Smith, economists have posited that human nature is competitive and therefore naturally adapts to a laissez-faire economy...this conception of the individual is something that has really become 'common sense' in many societies. However, the truth is that there is no human nature. Human beings are constructed by the norms of the society in which they are thrown upon their conception (Ramonet, 1997, p. 180; Dunkley, pp. 8, 10; Kiely, 2002a, pp. 106-107). On challenging the discourse of globalisation's inevitability and irreversibility, we must note that there is always agency in human affairs, and some agents have pushed forth globalisation, whereas others can push for regulation with a similar force. Certainly, it would be very difficult for states to return to regulation, particularly due to the new constitutionalist policies of trade bodies such as the WTO and NAFTA (Mittelman, p. 4; Dunkley, p. 6; Roman & Arregui, 2002, p. 222; Soros, 2002, pp. 34-36). However, when social forces become powerful enough, they can work miracles, something that has been evidenced countless times in human history. We must note that the only reason that NAFTA became policy in North America was because of the weakness of organised labour compared to that of the emergent neoliberal historic bloc (O'Brien, p. 722). Certainly, there was resistance, encompassing the AFL-CIO and other powerful groups within subaltern civil society from Mexico, Canada, and the US, some of which were unified transnationally, but their efforts did not suffice. Although not one US union supported the agreement, this counter-supremacy was very weak because neoliberal reform had dramatically compromised the size of unions.

Moreover, the fact that the PRI controlled the biggest unions in Mexico through legislation limited the ability of the working class to unite with the subaltern in both Canada and the US (Tatalovich & Sanchez, pp. 7-8, 13-14, 20-21; Levy & Bruhn, pp. 257-258; Macdonald, p. 208; Mayer, p. 77; Patroni, p. 5). Of course, it did not help that the media in general represented a neoliberal voice, and either excluded or trivialized the arguments of the Left on matters of free trade. Think tanks also presented their facts with a façade of objectivity, when in actuality they were being highly partisan. Furthermore, the executives of the three countries generally ignored the will of their populations when they ensured that free trade would become locked-in with NAFTA (Merrett, pp. 31-33, 35, 36, 43, 48; Maryse, p. 35; Tatalovich & Sanchez, pp. 6, 7, 14, 15, 21; Macdonald, p. 203).

Thus, it is clear that NAFTA has never been without opposition, and there are grounds for expecting it to become challenged more fully from below in the future. After all, NAFTA is an agreement that is anti-labour because it permits capital to move freely between participant countries in search of inexpensive labour, but does not permit labour to move in search of higher wages and beneficial working conditions. This grants capital the power to drive down wages and unionisation rates in zones where they would otherwise be high by threatening to move to a zone where they would be lower (Watson, p. 216; Poitras, pp. 115-116; Ranney, p. 69; Roman & Arregui, 2002, pp. 223-224; Amnesty International, 2000). Thus, it should come as no surprise that since its adoption, there has been no conclusive evidence that it has created jobs in North

America, and it has definitely driven down both real wages and labour standards (Poitras, pp. 122-124; Anderson, p. 3; Chossudovsky, pp. 83-84; Ranney, pp. 67, 70-73; Klein, p. 65; Slaughter & Swagel, 2000, p. 178).

To explore the possibility for a strengthened counter-supremacy, we must explore the impacts of neoliberal globalism not only on the subaltern in North America, but also globally. In the global North, labour has been attacked in attempts to tackle rampant inflation. Inflation reached uncontrollable levels in the 1970s because the high production costs that accompanied wage increases agreed upon by corporations and labour were passed on to the pubic as price increases (Cox, 1987, pp. 275, 280). This became a profound problem because capital, finance, and FDI acquired an unprecedented international mobility between the 1970s and the 1990s, thus granting investors the power to move their assets away from countries with policies that were not capitalist-friendly (Ramirez, 2006, p. 14; Held et al., pp. 201, 211, 225, 242-244, 257-258; Spanakos & McQuerry, p. 266; Gill & Law, p. 95; Gill, 2003h, p.87). High inflation made investors wary of the future stability of economies, and thus acted as a deterrent to investment and encouraged speculation against their currencies (Rock, p. 65, 163; Strange, p. 15; Leblang, 2003, p. 537; Healey, 1979-1980, p. 221; Cox, 1987, p. 279; Held et al., pp. 225, 230; Spanakos & McQuerry, pp. 271-27[illegible] Williams, 2001, p. 38). Moreover, the welfare state acted as a disincentive to investment because it not only fuelled inflation, but capitalists also viewed it as a mechanism that reduces labour discipline through the provision of a social safety net; for example, this was an issue that the BCNI brought to the attention of the Canadian government, influencing it to adopt monetarist policies in the late 1970s and early 1980s (Merrett, pp. 32, 51: Held et al., pp. 183-184, 232).

Gradually, there became a trend in labour politics: to revive investment and thus growth (Cox, 1987, p. 279), certain governments decided to bow down to the power of capital and take its side in their attack on labour. In hopes of reducing wage contestation and its associated inflation, tripartist corporatism, which had previously provided labour with effective bargaining power, came to an end. Other governments came to the realisation that a hostile business climate would limit the finance that they earn through the form of investment that purchases government bonds and bills. Without such funds, governments would be driven to finance their activities through monetary inflation, compromising further the investment climate and thereby worsening the situation. Once select countries adopted neoliberal measures, other governments either had to follow suit or face a retirement of capital. One of the first countries to engage on such a course was that of the US. Interestingly enough, it was only after Ronald Regan had embraced neoliberal restructuring that foreign investment in the US began to increase significantly, providing direct evidence of the structural power of capital. Governments of both the left and right chose to follow a similar course, ushering in the era of 'competitive deregulation,' the consequences of which have been severe for the subaltern.

Since the demise of tripartism, while some workers might be lucky enough to gain the meagre benefits of enterprise corporatism, most workers have been left unprotected and many have lost their jobs in the face of corporate attempts to save monies. Moreover, due to the reductions in governmental spending, many of the new unemployed cannot expect to find hope through a social safety net (Cox, 1987, pp. 263, 279, 281, 283-284, 376; Watson, p. 216; Petras, 1999, p. 29; Marx & Engels, 1994, p. 154; Held et al., p. 232; Gill, 2003d, p. 65; Gill, 2003h, p. 91; Gill, 2003b, p.141 Gill, 2003c, pp. 166, 180; Gill & Law, p. 96). It should be evident how powerful transnational capital has become; and this is why it is puzzling for researchers such as Burtless, Lawrence, Litan & Shapiro (2000) to argue that the reason that the status of labour has declined in Northern countries is due to a change in consumer demand; since services are now purchased more frequently instead of manufactured goods, manufacturing employment has correspondingly diminished. Certainly, services are increasingly consumed, but this is because of the impact of transnational capitalism and the movement of manufacturing to the global South. The result is that services have come to replace manufacturing as the new growth poles in the North (Slaughter & Swagel, p. 180; Chossudovsky, pp. 82-98).

In Latin America as a region, problems similar to, if not worse than those that have arisen in Mexico with neoliberalism have been witnessed by the subaltern in the face of neoliberal reform; this is something that even the Bank has admitted. The fact that so many people have lost out because of, and are resisting, neoliberal reforms means that the consent does not exist to label neoliberal globalism as hegemonic, instead it is a phenomenon that has a power based on both coercion and social exclusion, and can therefore be characterised as, to make use of Gill's terminology, 'post-hegemonic' or a 'supremacy.' Post-hegemonic formations are very unstable and it is possible to change them with a bloc of social forces (Gindling, 2005; Montero, pp. 254, 263; Gill, 2003c, pp. 160, 180; Gill, 2003b, p. 141). In light of the information regarding the structural power of capital introduced in this section, it seems worthwhile to specifically consider some hereto unmentioned aspects of Mexican neoliberal reform.

In Mexico in the late 1980s, the government of Miguel de Madrid and Carlos Salinas carried out, not only a policy of tightened money supply, but also repressed wages, setting a precedent in Mexico in terms of combating inflation and increasing efficiency so as to attract investment (Vadi, p. 132; Richards, p. 3; Pastor & Wise, p. 44; Soederberg, 2001b, pp. 66-67; Rogozinski, p. 43; Heath, pp. 176-178). Of course, the probable main causes of inflation were not then targeted because they were linked to IMF controls. In the early 1980s, the IMF made Mexico devalue its exchange rate because this would increase exports and thus attract foreign exchange to repay its debts. These policies ensured increased inflation (Kelly, p. 93; Vadi, p. 130; Soederberg, 2001b, pp. 67-69; Chossudovsky, pp. 56-57; Killick, p. 482).

We will now discuss the actual power of anti-neoliberal subaltern civil society within contemporary North America. Certainly, it would be more effective to explore the situation at a global level, but due to space limitations our purview must be limited. What can be simply put about the global prospects for resistance is that the desire for change is profound. In Canada, the rise of forces pushing for such change is evidenced by the increase of union resistance (Macdonald, p. 214). While in Mexico, since 1997 a growing bloc of unions non-affiliated with the state organised as the National Union of Workers (UNT) and representing 1.5 million workers has begun to organize to push for improved wages, working conditions, job security, and union democracy (i.e., reduced governmental dominance of the unions). Of course, their demands have been rejected because they would reduce the efficiency, flexibility, and competitiveness of the labour force (and thus increase production costs), issues which preoccupied governmental and business concerns (Mayer, pp. 80, 82, 85, 87, 89-91, 96-97; Patroni, pp. 2, 10, 11; Cooney, p. 69).

Although reduced unionisation and the ability of capital to relocate makes labour organisation very difficult, those unions that do exist could certainly spearhead a movement that would include the workers in the informal sector and the indigenous that have similarly lost out due to the power of the TCC (Roman & Arregui, 2001, pp. 56, 60-61, 66-67). The development of such an inter-class struggle is possible; in fact, following the peso crisis, not only the working-class and peasant groups found grounds for unity, but they also linked with the Barzon, a middle-class movement opposing the problems of speculation and also the neoliberalism that was contributing to the decline of national industry with which they were associated (Williams, pp. 32, 34, 37, 41-43). Continued drive for change is evidenced by the near loss of the presidency in the 2006 elections to Antonio Manuel Lopez Obrador. What is needed is for those groups that are pushing for change to unite with other groups transnationally (Kiely, 2002a, p. 95, 105). It does not really matter how long it takes for such an effective struggle to develop because counter-supremacy will endure until there is a concomitant increase in power. What we are witnessing is truly an 'organic' crisis (Gill, 2003f, p. 216); we make use of this term of Gramsci's because it refers to a long-term crisis in the hegemony of a people's leadership (Gramsci, pp. 177-178).

This paper has suggested that if we are to understand what are the most important of political relations in the world today, we will have to adopt a global social theory. Any effort to ignore transnational social relations will fail to understand the most pressing issues not only in international development, but more broadly, in global political economy.

Endnotes

1 See, for instance, Cleaver, pp. 4, 12-14, 16, Thorp, Stewart, and Heyer, pp. 10-12, Streeten, p. 8, and Portes, 2000, p. 2, Gonzalez de la Rocha, p. 91, and McAslan, p. 141. These reasons stem from the poor generally having a lack of assets, such as a lack of education, capital and funds to pay entry fees to enter certain groups, free time, and various skills, all of which contribute to group formation. Cleaver notes how negative impressions of the poor act as a deterrent to their entry into groups.

2 For instance, in Cox's analysis of the legacy of Pax Britannica in his classic book Production, Power, and Word Order, he claims that the liberal form of state and the laissez-faire global economic system, both of which were the preferred policies of imperial Britain, could not have been implemented without British dominance of the seas through its immense sea power (Cox, 1987, p. 129).

3 Startling as they are, these findings or ones similar to them have been reported by many scholars of Mexican development. See, for instance: Otero, 2000; Portes & Hoffman, 2003, pp. 58-59, 65; Portes, 1997, p. 247; Klein, 2002, p. 65; O'Brien, p. 715; Roman & Arregui, 2001, pp. 55-56; Alarcon & McKinley, 1997, p. 506; Lustig, p. 201; Vadi, pp. 131-132; Cypher, pp. 24, 32; Pastor & Wise, p. 46; Macleod, p. 243.

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